

Banco BBVA Perú and Subsidiaries

Interim Consolidated Financial Statements
September 30, 2023 and December 31, 2022

Banco BBVA Perú and Subsidiaries

Interim Consolidated Financial Statements September 30, 2023 and December 31, 2022

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Banco BBVA Perú and Subsidiaries

Interim Consolidated Statement of Financial Position

September 30, 2023 and December 31, 2022

| | Note | 2023 S/ (000) | 2022 S/ (000) |
|---|------|-------------------|-------------------|
| Assets | | | |
| Cash and due from banks | 5 | 11,764,210 | 12,145,003 |
| Interbank funds | | 445,179 | |
| Investments at fair value through profit or loss and available-for-sale | 6 | 10,790,206 | 11,591,723 |
| Loan portfolio, net | 7 | 69,454,829 | 69,122,387 |
| Trading derivatives | 8 | 1,450,787 | 1,349,619 |
| Hedging derivatives | 8 | - | 3,659 |
| Realizable, received in payment and seized assets, net | | 116,653 | 67,873 |
| Non-current assets held for sale | | 106,267 | 86,007 |
| Interests in associates | 9 | 6,361 | 12,148 |
| Property, furniture and equipment, net | 10 | 1,071,010 | 1,077,726 |
| Deferred tax | | 738,548 | 774,048 |
| Other assets, net | 11 | 2,545,009 | 1,815,253 |
| Total assets | | <u>98,489,059</u> | <u>98,045,446</u> |
| Contingent risks and commitments | 16 | <u>37,211,901</u> | <u>36,240,066</u> |
| Equity and liabilities | | | |
| Liabilities | | | |
| Deposits and obligations with the public and financial institutions | 12 | 67,856,642 | 66,901,546 |
| Interbank funds | | 110,044 | - |
| Debts and financial obligations | 13 | 4,797,681 | 4,036,978 |
| Trading derivatives | 8 | 1,259,794 | 1,245,843 |
| Hedging derivatives | 8 | 143,917 | 103,628 |
| Accounts payable, provisions and other liabilities | 14 | 12,429,426 | 14,504,077 |
| Total liabilities | | <u>86,597,504</u> | <u>86,792,072</u> |
| Equity | | | |
| Share capital | 15 | 8,147,211 | 7,382,184 |
| Reserves | | 2,245,122 | 2,053,490 |
| Adjustments to equity | | 23,162 | (91,052) |
| Retained earnings | | 1,476,060 | 1,908,752 |
| Total equity | | <u>11,891,555</u> | <u>11,253,374</u> |
| Total equity and liabilities | | <u>98,489,059</u> | <u>98,045,446</u> |
| Contingent risks and commitments | 16 | <u>37,211,901</u> | <u>36,240,066</u> |

The accompanying notes are an integral part of these interim consolidated financial statements.

Banco BBVA Perú and Subsidiaries

Interim Consolidated Statement of Income

For the nine months ended September 30, 2023 and 2022

| | Note | 2023 S/ (000) | 2022 S/ (000) |
|---|------|------------------|------------------|
| Interest income | 17 | 5,573,659 | 4,092,066 |
| Interest expense | 18 | (1,621,040) | (736,167) |
| Gross financial margin | | 3,952,619 | 3,355,899 |
| Provisions for direct loans, net of recovery | | (1,260,960) | (653,019) |
| Net financial margin | | 2,691,659 | 2,702,880 |
| Income from financial service, net | 19 | 759,100 | 677,815 |
| Net financial margin of income from financial services | | 3,450,759 | 3,380,695 |
| Profit or loss from financial transactions | 20 | 605,757 | 416,711 |
| Operating margin | | 4,056,516 | 3,797,406 |
| Administrative expenses | 21 | (1,817,550) | (1,551,711) |
| Depreciation and amortization | | (191,172) | (154,680) |
| Net operating margin | | 2,047,794 | 2,091,015 |
| Measurement of assets and provisions | | (56,048) | (57,810) |
| Net operating profit or loss | | 1,991,746 | 2,033,205 |
| Other expenses, net | 22 | (4,627) | 7,265 |
| Profit before tax | | 1,987,119 | 2,040,470 |
| Income tax | | (507,245) | (552,597) |
| Net profit | | 1,479,874 | 1,487,873 |
| Basic and diluted earnings per share in soles | 23 | 0.182 | 0.183 |
| Weighted average number of outstanding shares (in thousands of shares) | 23 | 8,147,211 | 8,147,211 |

The accompanying notes are an integral part of these interim consolidated financial statements.

Banco BBVA Perú and Subsidiaries

Interim Consolidated Statement of Income and Other Comprehensive Income

For the nine months ended September 30, 2023 and 2022

| | 2023 | 2022 |
|--|------------------|------------------|
| | S/ (000) | S/ (000) |
| Net profit | 1,479,874 | 1,487,873 |
| Other comprehensive income: | | |
| Unrealized gain (loss) on available-for-sale investments | 138,195 | (74,802) |
| Unrealized gain (loss) on cash flow hedges | (32,218) | (14,019) |
| Interest in other comprehensive income of associates | (74) | (114) |
| Income tax on items of other comprehensive income | 8,311 | 6,992 |
| Other comprehensive income, net of income tax | <u>114,214</u> | <u>(81,943)</u> |
| Total comprehensive income for the period | <u>1,594,088</u> | <u>1,405,930</u> |

The accompanying notes are an integral part of these interim consolidated financial statements.

Banco BBVA Perú and Subsidiaries

Interim Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2023 and 2022

| | Number of shares in thousands (note 15(b)) | Share capital (note 15(b)) S/ (000) | Legal reserve (note 15(c)) S/ (000) | Unrealized gains (note 15(d)) S/ (000) | Retained earnings (note 15(e)) S/ (000) | Total equity S/ (000) |
|--|---|---|---|--|--|-----------------------------|
| Balance as of January 1, 2022 | | | | | | |
| Balance as of January 1, 2022 | 6,758,467 | 6,758,467 | 1,896,680 | (32,704) | 1,546,286 | 10,168,729 |
| Net profit | - | - | - | - | 1,487,873 | 1,487,873 |
| Other comprehensive income | | | | | | |
| Unrealized losses for available for sale investment | - | - | - | (71,946) | - | (71,946) |
| Unrealized losses on cash flow hedges | - | - | - | (9,883) | - | (9,883) |
| Unrealized losses on interests in other comprehensive income of associates | - | - | - | (114) | - | (114) |
| Total comprehensive income for the period | | | | (81,943) | 1,487,873 | 1,405,930 |
| Changes in equity (not included in comprehensive income): | | | | | | |
| Dividends | - | - | - | - | (779,647) | (779,647) |
| Capitalization of retained earnings, note 15 (b) | 623,717 | 623,717 | - | - | (623,717) | - |
| Additions to reserves and other movements, note 15 (c) | - | - | 156,810 | - | (155,929) | 881 |
| Balance as of September 30, 2022 | 7,382,184 | 7,382,184 | 2,053,490 | (114,647) | 1,474,866 | 10,795,893 |
| Balance as of January 1, 2023 | 7,382,184 | 7,382,184 | 2,053,490 | (91,052) | 1,908,753 | 11,253,375 |
| Net profit | - | - | - | - | 1,479,874 | 1,479,874 |
| Other comprehensive income | | | | | | |
| Unrealized gain on available-for-sale investments | - | - | - | 137,002 | - | 137,002 |
| Unrealized loss on cash flow hedges | - | - | - | (22,714) | - | (22,714) |
| Unrealized loss on interests in other comprehensive income of associates | - | - | - | (74) | - | (74) |
| Total comprehensive income for the period | | | | 114,214 | 1,479,874 | 1,594,088 |
| Changes in equity (not included in comprehensive income): | | | | | | |
| Dividends | - | - | - | - | (956,283) | (956,283) |
| Capitalization of retained earnings, note 15 (b) | 765,027 | 765,027 | - | - | (765,027) | - |
| Additions to reserves and other movements, note 15 (c) | - | - | 191,632 | - | (191,257) | 375 |
| Balance as of September 30, 2023 | 8,147,211 | 8,147,211 | 2,245,122 | 23,162 | 1,476,060 | 11,891,555 |

The accompanying notes are an integral part of these interim consolidated financial statements.

Banco BBVA Perú and Subsidiaries

Interim Consolidated Statement of Cash Flows

For the nine months ended September 30, 2023 and 2022

| | 2023 S/ (000) | 2022 S/ (000) |
|---|--------------------|--------------------|
| Reconciliation of the net profit to the cash and flows from operating activities: | | |
| Net profit | 1,479,874 | 1,487,873 |
| Adjustments | 2,013,770 | 1,300,703 |
| Depreciation and amortization | 191,175 | 154,680 |
| Impairment of property, furniture and equipment, and intangible assets | 25,537 | 41,157 |
| Impairment of available-for-sale investments and goodwill | (2,193) | 5,992 |
| Provisions | 1,293,661 | 663,680 |
| Other adjustments | 505,590 | 435,194 |
| Net changes in assets and liabilities | (2,907,779) | 4,936,361 |
| Loan portfolio | (1,672,975) | (140,625) |
| Available-for-sale investments | 276,586 | (463,828) |
| Accounts receivable and others | (969,789) | (779,269) |
| Unsubordinated financial liabilities | 1,449,194 | 8,052,074 |
| Accounts payable and others | (1,990,795) | (1,731,991) |
| Net profit for the period after net changes in assets, liabilities and adjustments | 585,865 | 7,724,937 |
| Paid tax | (863,809) | (707,696) |
| Net cash and cash equivalents from operating activities | (277,944) | 7,017,241 |
| Cash flows from investing activities: | | |
| Purchase of interests | - | (153) |
| Sale of intangibles and property, furniture and equipment | 5,050 | - |
| Acquisition of intangible assets and property, furniture, and equipment | (42,626) | (171,519) |
| Other cash inflows from investing activities | 36,789 | 105,487 |
| Net cash and cash equivalents used in investing activities | (787) | (66,185) |
| Cash flows from financing activities: | | |
| Cash outflows to redeem subordinated financial liabilities | - | (78,190) |
| Cash paid for dividends | (955,228) | (778,395) |
| Other cash inflows from financing activities | 2,214,149 | 796,200 |
| Other cash outflows from financing activities | (1,657,687) | (2,626,433) |
| Net cash and cash equivalents used in financing activities | (398,766) | (2,686,818) |
| Net decrease in cash and cash equivalents before effects of exchange rate fluctuations | (677,497) | 4,264,238 |
| Effects of changes in exchange rates on cash and cash equivalents | (53,677) | (129,957) |
| Net decrease in cash and cash equivalents | (731,174) | 4,134,281 |
| Cash and cash equivalents at the beginning of the period | 17,583,751 | 19,820,752 |
| Cash and cash equivalents at the end of the period | 16,852,577 | 23,955,033 |
| Guarantee Funds | 852,869 | 1,043,699 |
| Interbank funds | (445,179) | (627,814) |
| Investment with maturities of less than 90 days | (5,496,057) | (5,388,221) |
| Cash and due from banks per the consolidated statement of financial position | 11,764,210 | 18,982,697 |

Banco BBVA Perú and Subsidiaries

Notes to the Interim Consolidated Financial Statements

September 30, 2023 and December 31, 2022

1. Operations

(a) Background and economic activity -

Banco BBVA Perú (hereinafter the Bank) is a subsidiary of BBVA Perú Holding S.A.C., which holds 46.12% of its share capital at September 30, 2023 and December 31, 2022. The Bank Bilbao Vizcaya Argentaria S.A. (hereinafter BBVA S.A.) holds 100% of the shares of BBVA Perú Holding S.A.C.

The Bank is a closely held corporation incorporated in 1951 and is authorized to operate as a banking institution by the Peruvian banking, insurance and pension plan regulator, Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones (hereinafter the SBS).

The Bank is mainly engaged in financial intermediation inherent to commercial banks. Such activities are governed by the SBS according to Law 26702 "General Law of the Financial and Insurance Systems and SBS Organic Law" and its amendments (hereinafter the Banking Law). This Law establishes the requirements, rights, obligations, collaterals, restrictions, and other operating conditions to which every legal entity operating in the financial and insurance systems is subject.

The Bank's legal domicile and headquarters is located at Av. República de Panamá No. 3055 - San Isidro, Lima, Peru.

The Bank holds 100% of the share capital with voting rights over its subsidiaries: BBVA Bolsa Sociedad Agente de Bolsa S.A, BBVA Asset Management S.A. SAF, BBVA Sociedad Titulizadora S.A., Inmuebles y Recuperaciones BBVA S.A., BBVA Consumer Finance EDPYME en liquidación, Forum Comercializadora del Perú S.A en liquidación. and Forum Distribuidora del Perú S.A. Even though the Bank does not hold share capital or voting rights over Continental DPR Finance Company B.V. (DPR), due to the characteristics of its corporate purpose and its relationship with the Bank, the accounting standards that govern the Bank require DPR's financial statements to be included on the consolidated basis with those of the Bank income (all these companies including the Bank are denominated, hereinafter, BBVA Peru Group).

(b) Climate and political juncture in Peru -

On March 12, 2023, on the wake of the sea-related, atmospheric and prospects of rainfall, as part of the impact of the Cyclone Yaku in Peru, the Peruvian Government instated a National Emergency in several provinces in Peru, given the damage caused by heavy rainfalls to the population's way of living. This was necessary for the government to be able to implement the necessary and immediate response and disaster relief measures and actions, on an exceptional basis, as appropriate.

On December 7, 2022, the then-President Pedro Castillo pretended to carry out a coup and set up an Exceptional Government; however, after such a decision and announcement, the Peruvian Congress at an extraordinary meeting and under Resolution No 001-2022-2023-CR decided in favor of a presidential vacancy. A constitutional succession occurred accordingly, by which, the vice president, Dina Boluarte, was appointed as the new President of Peru.

Notes to the Interim Consolidated Financial Statements (continued)

From that date onwards, several street demonstrations and social unrest have been taking place throughout Peru, with the major demand of demonstrators being the resignation of the recently designated President and anticipated presidential elections.

Given this situation, on December 14 and 15, 2022, the Cabinet Presidency enacted supreme decrees N° 143-2022-PCM and No144-2022-PCM, setting up a 30-day National Emergency, during which, constitutional rights were suspended relating to the inviolability of domicile, freedom of movement nationwide, freedom of assembly and personal security freedom; and also a mandatory social confinement for 5 days nationwide. Subsequently, by means of Supreme Decree No 009-2023-PMC, enacted on January 14, 2023, the National Emergency was amended and only a number of provinces of Peru were then included as part of the new National Emergency for 30 more days.

In this context, dated December 22, 2022 the SBS issued a communication called Oficio Múltiple No 54961-2022-SBS to empower financial institutions to reschedule the debt of its retail customers that were affected by the social unrest widespread in Peru since December 2022, see further detail in note 2(c).

The Bank has assessed and will continue to monitor the potential implications of the ongoing conditions and the measures that are to be taken by the Peruvian Government and the SBS.

(c) National State of Emergency (Covid-19 pandemic) -

On March 2020, the World Health Organization (WHO) declared a pandemic due to the coronavirus disease (COVID-19), and recommended contention and mitigation measurements worldwide. On March 15, 2020, the Peruvian government declared, through Supreme Decree No 044-2020-PCM, a national state of emergency due to the serious circumstances affecting people's life as a result of the COVID-19 outbreak. In October 2022, the Peruvian officially ended the National Emergency by means of Supreme Decree No 130-2022-PCM.

The Bank did not stop its activities, even during the quarantine, to attend and support the government's financing programs and distribute social assistance initiatives, such as bonds (economic subsidies) for households vulnerable to poverty or extreme poverty. Since the beginning of the pandemic, the Bank carried out a number of contingency actions, which led to the creation of a multidisciplinary team in charge of designing and implementing the strategy to cope with the health crisis, whose main objective was to protect the health of employees and customers throughout Peru.

In coping with the Covid-19 pandemic, the Peruvian Government, the Ministry of Economy and Finance, the Central Reserve Bank of Peru (hereinafter BCRP) and the banking regulator, SBS, set a number of exceptional measures; see further detail in note 2(c).

(d) Approval of the consolidated financial statements

The interim consolidated financial statements at September 30, 2023 were approved by management.

2. Basis of Preparation of the Interim Consolidated Financial Statements

(a) Statement of compliance

The interim consolidated financial statements are prepared and presented in accordance with current regulations and Peruvian GAAP applicable to financial institutions, which comprise the accounting standards and practices authorized by the SBS, in use of its powers, conferred in accordance with the provisions of the Banking Law. Those standards are contained in the Accounting Manual for Financial Institutions (hereinafter the Accounting Manual) approved by SBS Resolution 895-98 on September 1, 1998 and effective January 1, 2001, including supplemental standards and amendments.

Notes to the Interim Consolidated Financial Statements (continued)

In the absence of such applicable SBS regulations, the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), made official in Peru by the Peruvian Accounting Board (CNC, for its Spanish acronym), are applied.

(b) Basis of consolidation -

The interim consolidated financial statements include the financial statements of entities that are part of the BBVA Peru Group, described in note 1.A, from the date control is obtained over those entities. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Particularly, the Bank controls an investee if and only if it has all the following:

- Power over the investee; that is, the investor has existing rights that give it the current ability to direct the relevant activities,
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns.

In general, it is presumed that majority voting rights or similar rights in the investee grants control over the investee. The Bank considers all facts and circumstances when assessing whether it controls an investee, including:

- The contractual arrangement between the Bank and other voting right or similar right holders of the investee's.
- Rights arising from other contractual arrangements.
- The investor's voting rights, its potential voting rights and a combination of both.

The Bank reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the above-indicated three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases. Consolidated financial statements include the assets, liabilities, income and expenses of the Bank and its subsidiaries.

Profit or loss for the period and each component of other comprehensive income are attributable to the owners of the controlling interest and to the share of non-controlling interests, even if this results in non-controlling interest with a negative balance. Adjustments are made to the financial statements of subsidiaries, when necessary, to align their accounting policies with those of the Bank.

All assets, liabilities, equity, income, expenses and cash flows related to transactions between entities that are consolidated by the Bank are eliminated in whole.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions.

If the Bank ceases to have control over a subsidiary the related assets are derecognized (including goodwill), liabilities, non-controlling interest and other equity components, while any resulting profit or loss is stated in the consolidated statement of income. Any interest held in an investee is recognized at fair value.

Subsidiaries are all entities over which the Bank has the power to govern their operating and financial policies. Consolidation of subsidiaries is ended from the date the Bank ceases to have control over them.

Notes to the Interim Consolidated Financial Statements (continued)

The table below shows the major balances of the BBVA Peru Group at September 30, 2023 and December 31, 2022:

| In millions of Peruvians soles | Assets | | Liabilities | | Equity | |
|---|--------|--------|-------------|--------|--------|--------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Entity | | | | | | |
| Banco BBVA Perú | 98,562 | 98,156 | 86,671 | 86,899 | 11,891 | 11,257 |
| BBVA Bolsa Sociedad Agente de Bolsa S.A. | 60 | 86 | 43 | 68 | 17 | 18 |
| BBVA Asset Management S.A. SAF | 29 | 30 | 2 | 2 | 27 | 28 |
| BBVA Sociedad Titulizadora S.A. | 5 | 6 | 1 | 1 | 4 | 5 |
| Inmuebles y Recuperaciones BBVA S.A. | 157 | 183 | 6 | 121 | 151 | 62 |
| Continental DPR Finance Company B.V. | - | - | - | - | - | - |
| BBVA Consumer Finance Edpyme en liquidación | 20 | 21 | 4 | 5 | 16 | 16 |
| Forum Comercializadora S.A. en liquidación | 2 | 2 | - | - | 2 | 2 |
| Forum Distribuidora S.A. | 121 | 106 | 89 | 75 | 32 | 31 |

- (c) Major pronouncements issued by the SBS and the Government with an impact on the financial system -
As stated in notes 1(b) and (c), in coping with the climate impacts, political juncture in Peru and the COVID-19 pandemic, the Peruvian government, the Ministry of Economy and Finance, the Peruvian Central Reserve Bank and the SBS issued the following regulations involving exceptional measures for the economic reactivation of the country:

| N° | Programs / Measures | Legal basis | Short description of programs / measures | Impact on the Bank |
|-------|---|---|--|--|
| (i) | Loan rescheduling | Official letters N°10997-2020-SBS, N°11150-2020-SBS, N°11170-2020-SBS, N°12679-2020-SBS, N°13195-2020-SBS, N°13805-2020-SBS y N°14355-2020-SBS and N°15944-2020-SBS. Issued between March and July 2020 | These official letters set exceptional measures applicable to the loan portfolio, intended to make debt repayment easier for customers of financial institutions that were affected by the restrictive measures taken by the Peruvian Government due to the Covid-19 pandemic. At the reporting date, these official letters are no longer effective. | At September 30, 2023 and December 31, 2022, the balance of rescheduled loans under these official letters was approximately S/ 310 million and S/ 593 million, respectively. |
| | | Official letters N°13613-2021-SBS and N°6302-2021-SBS. Issued between February and March 2021. | Per these Official letters, the SBS entitled financial institutions to reschedule loans to their customers over 2021. At the reporting date, these official letters are no longer effective. | |
| | | Official letters N° 54961-2022-SBS, 03140-2023-SBS, 03583-2023-SBS, 08441-2023-SBS, 09702-2023-SBS, 11235-2023-SBS and the Official letter 17305-2023-SBS. Issued between December 2022 and April 2023 | New supplemental prudential measures (loan rescheduling), issued in the framework of the Emergency Status instated due to the social unrest occurring in Peru. At the reporting date, those official letters were no longer effective. | At September 30, 2023, the balance of rescheduled loans due to social unrest was S/ 682 million. |
| | | Official letter N° 12174-2023-SBS dated March 15, 2023 | The SBS includes one single document with all prudential provisions for loan rescheduling issued up to the date, making relevant changes in the accounting records and making them applicable to the general Emergency Conditions resulting from the social unrest in the country and natural disasters with severe consequences affecting the lives of the population in certain areas of Peru or nationwide. | |
| (ii) | Additional provisions for rescheduled loans | SBS resolution N°3922- dated December 23, 2021 | Subsequently, the SBS set the requirement that for those loans that were rescheduled because of the Covid-19 pandemic, and accounted for as such, the financial institutions shall record additional provisions, as if they had a worse credit rating. | At September 30, 2023 and December 31, 2022, the Bank recorded provisions for rescheduled loans of debtors rated as Normal, CPP and Substandard for around S/4 million and S/7 million, respectively. |
| (iii) | Reactiva Perú economic relief program | Legislative Decree N° 1455-2020 dated April 6, 2020 | Instated with the following objectives: <ul style="list-style-type: none"> - Respond to the liquidity needs faced by companies in the context of the COVID-19 pandemic. - Ensure continuity of the chain of payments. | At September 30, 2023 and December 31, 2022, the Bank holds "Reactiva Perú" loans for around S/2,334 million and S/5,801 million, note 7(c). The amounts secured by the Peruvian Government totaled S/2,232 million and S/5,296 million, respectively. |
| | Reactiva Perú Up until November 30, 2020 | Ministry Resolution N° 134-2020-EF dated April 13, 2020 | Using this program, the Government grants guarantees to back entities so they can obtain working capital credit facilities and meet their short-term obligations with workers and suppliers of goods and services. Guarantees range from 80% and 98% of the loan amount, which is a maximum of S/ 10 million per customer, which is determined based on the total sales. Additionally, the Bank obtains the resources to grant these loans based on its repo transactions with the Peruvian Central Reserve Bank (hereinafter BCRP), for the secured portion of the loan. | |
| | Reactiva Perú reschedulings Up to December 31, 2021 | Emergency Decree N° 026-2021 dated March 6, 2021 Emergency Decree No 091-2021 September 30, 2021 | The Peruvian Government has ordered that loans granted under the Reactiva Perú program can be eligible for rescheduling, provided that they meet the requirement set by the applicable standards (mainly involving a decrease in sales). Loan rescheduling can be provided with Bank's or BCRP's funding. If Bank's funding is used, the interest rate can be raised up to 25 basis points. The due dates set for customers to be able to obtain loan rescheduling expired on September 30, 2021. However, an extension was ordered for loans secured by this program were eligible for loan rescheduling until December 31, 2021. | At September 30, 2023 and December 31, 2022, the rescheduled loans including those obtained in the context of the health emergency and those under the Reactiva program totaled S/2,548 million and S/4,115 million, respectively, note 7(c) |
| | New REACTIVA rescheduling Up to December 31, 2022 | Emergency Decree No 011- 2022 May 13, 2022 | Also, the possibility was raised for REACTIVA loans to be subject to new rescheduling up to 10 billion. Rescheduled loans will continue to be backed by the Peruvian Government. BCRP funding will be kept up to due date of the prior rescheduled loan, at which date, they will be replaced with resources of the financial system. | |
| | | Emergency Decree No 026-2022 December 27, 2022 | For those loans from S/ 90,001 to S/ 10 million, decrease in sales of 30% or more in 2021, as compared to 2019, should be demonstrated. An extension of the due date to apply for rescheduling of Program-backed loans was ordered. | |

Notes to the Interim Consolidated Financial Statements (continued)

| | | | |
|------|---|--|---|
| | Ministry Resolution No 074-2023-EF/15 (February 21, 2023). | Amendments were made to the Operating rules to the economic relief program called Reactiva, under which an extension is given to the loan rescheduling program originally granted under the Programa Reactiva Perú. Also, the possibility is set for new rescheduling for an additional grace period of 24 months to those loans that had been rescheduled under the provisions of Emergency Decree 011-2022. | |
| | Urgency Decree No 029-2023 Dated July 25, 2023 Ministry Resolution No 287-2023-EF/15 | In this respect, a new debt rescheduling and another period of grace of up to 24 months were authorized to be granted to entities that had rescheduled their Reactiva loans in accordance with the provisions of Urgency Decree N° 011-2022. | |
| (iv) | Fondo Crecer Up to 2049 Legislative Decree N° 1399 (September 7, 2018) Supreme Decree N° 007-2019-EF (January 11, 2019) Law N° 31683 (February 09, 2023) Supreme Decree N°227-2023-EF (October 25, 2023) | This is a program to secure loans obtained for working capital, fixed assets and export credits intended to bolster the productive development and growth of medium-sized and small entities. The maximum amount to be secured per customer is S/ 10 million. Amounts secured are up to 75% for microbusiness and small entities, up to 70% for medium-sized and up to 60% for exporters. The scope of application by beneficiaries of the relief fund called Fondo Crecer is amended to be used by microbusinesses, small and medium-sized entities according to the type of financing obtained under the criteria set by the SBS. Several articles of the rules for application of Legislative Decree N° 1399 were amended. This piece of legislation was enacted to promote and strengthen Micro, Small and Medium-sized entities and create Fondo CRECER, pursuant to Supreme Decree N° 007- 2019-EF as a way to implement the changes introduced by Law N° 31689. | At September 30, 2023 and December 31, 2022, the Bank holds loans under this program for around S/ 135 million and S/ 133 million, respectively, note 7(c). The amounts secured by the Peruvian Government totaled S/ 89 million and S/ 86 million, respectively. |
| (v) | Repo transactions with loan portfolio rescheduling Circular N°0014-2020-BCRP dated April 3, 2020 Circular BCRP 0021-2020 dated June 7, 2020 Official letter N°11518-2020 dated April 7, 2020 and official letters N°12791-2020 dated May 8, 2020 Circular N° 0033-2020-BCRP | BCRP sets the characteristics and procedures for repo transactions of the loan portfolio secured by the Peruvian Government. At the selling date, the Bank receives the local currency (the sale amount) and, at the same time, it becomes engaged to repurchase such portfolio (repo amount). BCRP will draw down 80 percent of the funds to the Bank's checking account with the BCRP and the remaining portion will be credited to restricted account also held by the Bank with the BCRP. BCRP has instated the possibility for financial institutions to obtain funding at 0.5% by means of Repo Transactions. Under this mechanism, financial system entities engage to reschedule loans to customers or portfolio bought from other financial system entities to reduce temporarily the interest rate over the period the transaction with the BCRP lasts. SBS has set the accounting model for repo transactions as well as some reporting requirements. Based on those official letters, the loan portfolio is not derecognized but provisions will continue to be made for the portfolio used in repo transaction. The ninth transitional provision supersedes Circular N° 0014-2020-BCRP to introduce changes in the provisions applicable to the Repo Transactions with Loan Portfolio represented by Securities for the purpose of making operability more flexible.. | At September 30, 2023 and December 31, 2022, the Bank maintains balances of repo transactions related to the rescheduled portfolio for S/ 4,901 million as of both periods, see note 14. |
| (vi) | Regulatory capital (patrimonio de efectivo) SBS resolution N° 1264-2020 dated March 26, 2020 SBS resolution N° 3921-2021 dated December 23, 2021 Legislative Decree No 1531 dated March 19, 2022 SBS resolution No 2192-2023 dated June 23, 2023 | Under this resolution, changes in contractual conditions set out in the Official Letters (Oficios Múltiples) stated in subsection (i) shall not increase the regulatory capital requirements on non-revolving consumer loans and mortgage loans. Also, this resolution authorizes financial institutions to use the additional regulatory capital for the purpose of the economic cycle component. Under this resolution, an amendment is made to the calculation of the additional regulatory capital requirement for market concentration, considering criteria such as sized, interconnectedness, replaceability and complexity. In addition, an adequacy period of two more years is set from December 2022. Amendment to the Banking Law to adopt the Basil III capital adequacy requirements. Among major changes are: composition of regulatory capital, minimum ratio requirements, Powers in the event of noncompliance with solvency requirements, among others. This resolution sets out the term for adequacy to the minimum solvency requirements contained in article 199 of the General law, which, for the global limit determination is shown as follows: January to March 2023: 8.5% Abril 2023 to February 2024: 9.0% March 2024 to August 2024: 9.5% September 2024 onwards 10%. Suspending, from January 1, 2023 to November 30, 2023, the limits in calculating the regulatory capital within the scope of article 185 of the General Law, effective December 1, 2023. | Management considers that the Bank meets the SBS requirements regarding regulatory capital. |

Notes to the Interim Consolidated Financial Statements (continued)

Management considers the Bank has complied with all exceptional rules and measures set forth by the Peruvian Government, the Ministry of Economy and Finance, the Peruvian Central Reserve Bank and the SBS established to year with the Covid-19 pandemic, social unrest and climate conditions.

(h) **Reclassifications -**

Certain items of the consolidated financial statements at September 30, 2022 have been reclassified for comparative purposes. Management considers that those reclassifications did not result in any changes in the decisions previously made based on those items. The reclassified amounts and the related accounts are summarized in the table below:

Consolidated Statement of Income for the year ended September 30, 2022

| | Balances without reclassification | Reclassification | Reclassified balances |
|---|--|-------------------------|----------------------------------|
| | S/(000) | S/(000) | S/(000) |
| Interest income | 3,993,270 | 98,796 | 4,092,066 |
| Profit or loss on hedging transactions (Note 17) | 9,712 | 98,796 | 108,508 |
| Profit or loss on Financial Transactions (ROF) | 515,507 | (98,796) | 416,711 |
| Profit or loss on hedging transactions (Note 20) | - | (98,796) | (98,796) |

3. Accounting Principles and Practices

In preparing and presenting the accompanying consolidated financial statements, Management of BBVA Peru Group has met the standards set by the SBS currently effective in Peru. Major accounting principles and practices implemented at September 30, 2023 have not changed significantly in relation with those applied at December 31, 2022, as summarized in the audit report dated February 23, 2023.

4. Foreign Currency Balances

The interim consolidated statement of financial position includes balances of foreign currency transactions, mainly in U.S. dollars (US\$), which are recorded in soles (S/) at the exchange rate established by the SBS. At September 30, 2023 and December 31, 2022, the buy and sell exchange rate was US\$ 1 = S/ 3.793 and US\$ 1 = S/ 3.814, respectively.

Foreign currency transactions in Peru referred to the concepts authorized by the BCRP are channeled through a free banking system. At September 30, 2023, buy and sell exchange rates used were US\$ 1 = S/ 3.790 and US\$ 1 = S/ 3.797, respectively (buy rate of US\$ 1= S/ 3.808 and buy rate of US\$ 1 = S/ 3.820, at December 31, 2022).

Notes to the Interim Consolidated Financial Statements (continued)

At September 30, 2023 and December 31, 2022, foreign currency balances stated in thousands of U.S. dollars are as follows:

| | 2023 | | | 2022 | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | US Dollars | Other currencies | Total | US Dollars | Other currencies | Total |
| | (000) | (000) | (000) | (000) | (000) | (000) |
| Asset | | | | | | |
| Cash and due from banks | 2.391.220 | 94.978 | 2.486.198 | 2.306.918 | 109.203 | 2.416.121 |
| Investments at fair value through profit or loss and available-for-sale | 609.935 | - | 609.935 | 1.028.692 | - | 1.028.692 |
| Loan portfolio, net | 5.048.834 | - | 5.048.834 | 4.650.731 | - | 4.650.731 |
| Other assets, net | 273.939 | 21.774 | 295.713 | 171.138 | 16.795 | 187.933 |
| | <u>8.323.928</u> | <u>116.752</u> | <u>8.440.680</u> | <u>8.157.479</u> | <u>125.998</u> | <u>8.283.477</u> |
| Liabilities | | | | | | |
| Deposits and obligations with the public and financial institutions | 7.016.786 | 54.846 | 7.071.632 | 7.070.250 | 60.597 | 7.130.847 |
| Debts and financial obligations | 904.081 | - | 904.081 | 672.314 | - | 672.314 |
| Provisions and other liabilities | 381.974 | 13.438 | 395.412 | 301.430 | 23.821 | 325.251 |
| | <u>8.302.841</u> | <u>68.284</u> | <u>8.371.125</u> | <u>8.043.994</u> | <u>84.418</u> | <u>8.128.412</u> |
| Net position | 21.087 | 48.468 | 69.555 | 113.485 | 41.580 | 155.065 |
| Derivative instruments, assets | 5.896.148 | 350.493 | 6.246.641 | 4.890.362 | 147.751 | 5.038.113 |
| Derivative instruments, liabilities | 5.948.158 | 409.453 | 6.357.611 | 4.986.132 | 191.082 | 5.177.214 |
| Long (short) position | <u>(30.923)</u> | <u>(10.492)</u> | <u>(41.415)</u> | <u>17.715</u> | <u>(1.751)</u> | <u>15.964</u> |

At September 30, 2023 and 2022, the Bank recorded net exchange gains for S/ 546 million and S/ 750 million, respectively, which corresponds to the valuation of exchange rate, as well as purchase and sales transactions in foreign currency in 'profit or loss from financial transactions' of the consolidated statement of Income (note 20).

The percentage change in the exchange rate of the sol in relation to the US dollar was -0.55% and -4.34% at September 30, 2023 and December 31, 2022, respectively.

Notes to the Interim Consolidated Financial Statements (continued)

5. Cash and Due from Banks

This caption comprises the following:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | S/(000) | S/(000) |
| Peruvian Central Reserve Bank (a) | 7,339,586 | 4,970,231 |
| Cash (a) | 2,639,619 | 2,725,393 |
| Other guarantee funds (c) | 852,869 | 699,639 |
| Foreign banks and other financial institutions (b) | 785,857 | 3,627,707 |
| Local Banks and other financial institutions (b) | 86,657 | 75,303 |
| Clearing | 59,186 | 46,657 |
| Other cash and due from banks | 436 | 73 |
| | <u>11,764,210</u> | <u>12,145,003</u> |

- (a) Cash balances held by the bank as well as those held with the Peruvian Central Reserve Bank (BCRP) are intended to cover the legal reserve ratio ("encaje legal") that the Bank must keep for the deposits and obligations with the public, under the local regulations currently in force. These cash balances are kept in the Bank's vault or are credited to the BCRP.

At September 30, 2023 and December 31, 2022 this item shows the following accounting balances:

| | 2023 | 2022 |
|--------------------------------------|------------------|------------------|
| | S/(000) | S/(000) |
| Legal reserve | | |
| Deposits with BCRP | 5,028,399 | 3,065,635 |
| Cash in vault | 2,639,619 | 2,725,393 |
| Subtotal legal reserve | <u>7,668,018</u> | <u>5,791,028</u> |
| Non-mandatory legal reserve | | |
| Time deposits with BCRP | 2,286,479 | 1,884,659 |
| Interest on checking account | 24,708 | 19,937 |
| Subtotal non-mandatory legal reserve | <u>2,311,187</u> | <u>1,904,596</u> |
| Total | <u>9,979,205</u> | <u>7,695,624</u> |

At September 30, 2023 and December 31, 2022, the balances subject to the legal reserve requirement in local currency and foreign currency are subject to an implicit rate of 6% and 35% for both periods, over total obligations subject to legal reserve (TOSE), under the rules set by the BCRP.

The legal reserve funds that reflect the legal minimum, are not interest bearing. The legal reserve funds comprising the additional legal reserve in foreign currency and in local currency bear interest at a nominal rate set by the BCRP. At September 30, 2023, a portion of the additional legal reserve funds in U.S. dollars of US\$ 1,200 million are hedged with a cash flow hedge (Note 8(ii)) (US\$ 800 million at December 31, 2022).

Notes to the Interim Consolidated Financial Statements (continued)

At September 30, 2023, balances held with the BCRP include overnight deposits of S/ 2,286 million (S/ 1,885 million of overnight deposits at December 31, 2022).

- (b) At September 30, 2023 and December 31, 2022 deposits held with local and foreign banks are mainly in Peruvian soles and in U.S dollars but also other currencies for smaller amounts; they are cash in hand and bear interest at market rates.

At September 30, 2023, they include balances mainly with the following financial institutions: BBVA Paris of S/313 million, JP Morgan Chase Bank of S/155 million, Standard Chartered Bank S/122 million, Brown Brother Harriman of S/60 million, Citibank N.A. New York of S/30 million, Wells Fargo Bank of S/25 million and Bank of America of S/25 million (at December 31, 2022, balances were held mainly with: JP Morgan Chase Bank of S/1,355 million, Bank of New York of S/771 million, Citibank N.A. New York of S/675 million, Standard Chartered Bank S/410 million and BBVA Paris of S/384 million).

- (c) At September 30, 2023 and December 31, 2022, cash includes guarantee funds that secure transactions with derivatives as requested by the Bank counterparties for a total of US\$ 128 million and US\$ 79 million, respectively. Also, at September 30, 2023, this balance includes S/ 310 million and US\$ 14 million to secure the transfer process in line with a requirement of BCRP (S/ 330 million and US\$ 16 million, at December 31, 2022).

At September 30, 2023 and 2022, interest income on cash and due from banks totaled S/ 347 million and S/ 85 million, respectively, and is shown within interest income in the consolidated statement of income (Note 17).

Notes to the Interim Consolidated Financial Statements (continued)

6. Investments at Fair Value through Profit or Loss and Available-for-Sale

This caption comprises the following:

| | 2023 | | | | 2022 | | | |
|--|----------------------------------|---------------|----------------|----------------------|----------------------------------|-------------------|----------|----------------------|
| | Gross unrealized gains or losses | | | | Gross unrealized gains or losses | | | |
| | Amortized cost | Gains | Losses | Estimated fair value | Amortized cost | Gains | Losses | Estimated fair value |
| S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | |
| Investments at fair value through profit or loss: | | | | | | | | |
| Certificates of deposit with BCRP (a) | | | | 3,266,575 | | | | 2,691,234 |
| Peruvian Public Treasury bonds (b) | | | | 902,126 | | | | 587,625 |
| U.S. treasury bills (c) | | | | - | | | | - |
| Subtotal | | | | <u>4,168,701</u> | | | | <u>3,278,859</u> |
| Available-for-sale investments (f) | | | | | | | | |
| Debt instruments: | | | | | | | | |
| Peruvian Public Treasury bonds (b) | 3,905,725 | 65,426 | - | 3,971,151 | 3,049,769 | - (67,628) | - | 2,982,141 |
| U.S. treasury bills (c) | 2,085,991 | - | (8,691) | 2,077,300 | 3,659,533 | - (11,777) | - | 3,647,756 |
| Certificates of deposit with BCRP (a) | 538,814 | - | (175) | 538,639 | 1,583,830 | - (1,135) | - | 1,582,695 |
| Corporate bonds (d) | - | - | - | - | 68,689 | - (177) | - | 68,512 |
| | <u>6,530,530</u> | <u>65,426</u> | <u>(8,866)</u> | <u>6,587,090</u> | <u>8,361,821</u> | <u>- (80,717)</u> | <u>-</u> | <u>8,281,104</u> |
| Shares: | | | | | | | | |
| Shares of local companies (e) | 33,406 | - | - | 33,405 | 30,750 | - | - | 30,750 |
| Shares of foreign companies | 1,010 | - | - | 1,010 | 1,010 | - | - | 1,010 |
| | <u>34,416</u> | <u>-</u> | <u>-</u> | <u>34,415</u> | <u>31,760</u> | <u>-</u> | <u>-</u> | <u>31,760</u> |
| Subtotal | <u>6,564,946</u> | <u>65,426</u> | <u>(8,866)</u> | <u>6,621,505</u> | <u>8,393,581</u> | <u>- (80,717)</u> | <u>-</u> | <u>8,312,864</u> |
| Total | | | | <u>10,790,206</u> | | | | <u>11,591,723</u> |

(a) At September 30, 2023, the certificates of deposit issued by the BCRP consist of negotiable instruments obtained in public auctions held by the BCRP or traded in the secondary market with maturities up until September 2024 (September 2023, at December 31, 2022). At September 30, 2023 the balance includes certificates of deposit of S/ 1,511 million that secure repo transactions (S/ 204 million at December 31, 2022).

At September 30, 2023, annual return in local currency on these instruments ranged from 6.35% to 7.66% (from 7.00% to 8.06% in local currency at December 31, 2022) and 5.95% in foreign currency.

(b) Peruvian Public Treasury Bonds include sovereign bonds of the Republic of Peru in local currency and global bonds in foreign currency issued by the Ministry of Economy and Finance del Perú (MEF), which represent public internal debt securities of the Republic of Peru.

At September 30, 2023, these bonds bore interest at an annual interest rates ranging from 5.35% to 8.20% in local currency (5.20% to 8.20% at December 31, 2022) and 7.35% in foreign currency (7.35% at December 31, 2022). At September 30, 2023 and December 31, 2022, local currency bonds have maturities up until February 2055 and February 2042, respectively, and foreign currency bonds up until July 2025, in both periods.

At September 30, 2023 and December 31, 2022, a portion of the balance of global bonds Perú of US\$ 30 million are hedged with a cash flow hedge (note 8(ii)).

Notes to the Interim Consolidated Financial Statements (continued)

- (c) At September 30, 2023, the U.S. Treasury Bills bear interest ranging from 0.75% and 3.30% in foreign currency (ranging from 0.75% to 4.42% at December 31, 2022) and with maturities up until July 2024 (July 2024 at December 31, 2022). Maturity of U.S. Treasury bills of exchange is up to October 2023 (up to April 2023 at December 31, 2022). At September 30, 2023 a portion of the U.S. treasury bills is being used to secure S/13 million (S/57 million at December 31, 2022).
- (d) At December 31, 2022, this balance included corporate bonds issued by financial institutions in Peru in foreign currency. These bonds bear interest at annual rate of 3.50% and 4.25% at December 31, 2022.
- (e) At September 30, 2023, a provision for impairment was made of S/10 million and S/ 4 million on the investments held on the Lima stock exchange (Bolsa de Valores de Lima) and Pagos Digitales Peruanos, respectively (S/12 million and S/4 million at December 31, 2022).
- (f) At September 30, 2023 and December 31, 2022 unrealized gains on valuation of available-for-sale investments, net of the related deferred income tax (Note 15(d)) was S/ 58 million (unrealized losses of S/ 79 million at December 31, 2022).

At September 30, 2023 and 2022, interest accrued on the investment portfolio of the Bank (Note 17) was S/ 435 million and S/ 307 million, respectively.

7 Loan Portfolio, Net

This caption comprises the following:

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | S/(000) | S/(000) |
| Direct loans: | | |
| Loans (c) | 26,281,218 | 27,672,810 |
| Mortgage loans (d) | 14,419,097 | 13,959,809 |
| Consumer loans | 11,590,594 | 9,798,074 |
| Foreign trade | 5,975,053 | 6,010,104 |
| Finance lease | 3,279,251 | 3,180,799 |
| Factoring | 1,701,698 | 1,585,012 |
| Discounts | 1,100,227 | 1,229,437 |
| Project financing | 903,508 | 1,372,565 |
| Others | 3,127,322 | 3,499,414 |
| | <u>68,377,968</u> | <u>68,308,024</u> |
| Past due loans and under legal collection loans | 3,444,130 | 3,207,132 |
| Refinanced loans | 1,766,737 | 1,672,801 |
| | <u>73,588,835</u> | <u>73,187,957</u> |
| Plus (less) | | |
| Accrued interest from performing loans | 848,655 | 683,399 |
| Deferred income | (96,147) | (86,431) |
| Provisions for direct loan losses | (4,886,514) | (4,662,538) |
| | <u>69,454,829</u> | <u>69,122,387</u> |
| Contingent or indirect loans, note 16 | 17,576,134 | 17,913,038 |

Notes to the Interim Consolidated Financial Statements (continued)

- (a) At September 30, 2023 and December 31, 2022, 51.00% of the direct loan portfolio is concentrated in 5,489 customers, which amounts to S/ 37,867 million and 4,718 customers, which amount to S/ 37,653 million, respectively.
- (b) Direct loan portfolio with guarantees received from customers, which comprise mortgages, deposits, letters of guarantees, collaterals and warrants, amounts to S/ 49,237 million at September 30, 2023 (S/ 44,922 million at December 31, 2022).
- (c) At September 30, 2023 and December 31, 2022, part of the loan portfolio belongs to the Reactiva Peru program (note 2(c)(iii) with a balance for S/ 2,334 million (S/ 5,801 million at December 31, 2022). The detail of such loans are detailed as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| | S/(000) | S/(000) |
| Types of loans | | |
| Medium-business loans | 1,573,049 | 3,838,459 |
| Small-business loans | 403,658 | 838,921 |
| Large-business loans | 349,938 | 1,109,798 |
| Micro-business loans | 5,037 | 7,554 |
| Corporate loans | 2,812 | 6,152 |
| | <hr/> | <hr/> |
| Total of Reactiva Peru program loans | 2,334,494 | 5,800,884 |
| | <hr/> | <hr/> |

At September 30, 2023, the Bank holds repo transactions involving the loan portfolio with the BCRP (note 14(a)) for S/ 1,920 million (S/ 5,408 million at December 31, 2022) that relate to the Reactiva Perú Program.

At September 30, 2023, the balances of the loans and payables on repo transactions involving the rescheduled loan portfolio with the BCRP (note 14(a)) totaled S/ 5,891 million and S/ 4,901 million, respectively (at December 31, 2022, these balances totaled S/ 5,793 million and S/ 4,901 million, respectively).

At September 30, 2023, loans under the Crecer program totaled S/ 135 million (S/ 133 million at December 31, 2022), note 2(c)(iv).

Notes to the Interim Consolidated Financial Statements (continued)

At September 30, 2023 and December 31, 2022, rescheduled loans, including rescheduled loans due to the public health emergency and the rescheduled loans under the Reactiva Peru program, social conflicts and climate effects, per the SBS standards, totaled S/ 3,343 million and S/ 4,115 million, respectively; balances by the type of loan are broken down as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|------------------|------------------|
| | S/(000) | S/(000) |
| Types of loans | - | - |
| Medium-business loans | 1,799,270 | 2,673,573 |
| Small-business loans | 599,718 | 551,376 |
| Large-business loans | 369,265 | 644,175 |
| Consumer loans | 302,407 | 29,240 |
| Mortgage loans | 266,338 | 202,769 |
| Micro-business loans | 4,903 | 4,045 |
| Corporate loans | 2,812 | 10,135 |
| Total rescheduled loans | <u>3,343,713</u> | <u>4,115,313</u> |

- (d) At September 30, 2023, a portion of the balance of the mortgage loan portfolio is securing a debt with Fondo MIVIENDA – Programa MIHOGAR for up to S/ 874 million (S/ 664 million at December 31, 2022) (note 13 (b)).
- (e) At September 30, 2023 and December 31, 2022, the balances of direct loans by type of customer, per SBS resolution No 11356- 2008, was as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|-------------------|-------------------|
| | S/(000) | S/(000) |
| Medium-business loans | 15,648,063 | 17,614,995 |
| Mortgage loans | 15,073,229 | 14,613,415 |
| Large-business loans | 12,738,027 | 12,737,814 |
| Consumer loans | 12,016,865 | 10,153,888 |
| Corporate loans | 11,827,045 | 11,963,605 |
| Small-business loans | 4,283,881 | 3,785,178 |
| Public sector entities | 675,769 | 862,688 |
| Financial system entities | 672,249 | 808,890 |
| Securities brokerage | 434,730 | 486,041 |
| Micro-businesses | 218,977 | 161,443 |
| Total rescheduled loans | <u>73,588,835</u> | <u>73,187,957</u> |

Notes to the Interim Consolidated Financial Statements (continued)

- (f) At September 30, 2023 and December 31, 2022, the balances of the loan portfolio included the following economic sectors:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| | S/(000) | S/(000) |
| Mortgage and consumer loans | 27,090,094 | 24,767,302 |
| Trade | 13,283,643 | 13,889,067 |
| Manufacturing | 9,911,535 | 10,691,306 |
| Transportation, warehousing and communications | 7,314,342 | 6,299,939 |
| Real estate, corporate and rental loans | 3,761,415 | 3,809,945 |
| Agriculture and cattle growing | 2,889,956 | 3,144,823 |
| Financial brokerage | 2,044,928 | 2,278,990 |
| Hotels and restaurants | 1,521,675 | 1,623,101 |
| Mining | 1,149,356 | 1,136,403 |
| Construction | 927,887 | 1,063,506 |
| Electricity, gas and water | 522,467 | 1,233,808 |
| Others | 3,171,537 | 3,249,767 |
| | <u>73,588,835</u> | <u>73,187,957</u> |

- (g) During 2023 and 2022, the interest earned on the loan portfolio was mutually agreed based on the prevailing market rates. In March 2021, the Peruvian Congress enacted Law N°31143 that establishes that the BCRP is charged with setting the maximum and minimum interest rates for financial institutions. In April 2021, BCRP set the methodology for the calculation of the maximum interest rate on consumer loans, and loans to microbusinesses and small entities, which is to be updated semiannually in May and November. At September 30, 2023, the maximum annual interest rate is 96.32% in local currency (87.91% at December 31, 2022) and 77.50% in foreign currency (68.27% at December 31, 2022).

Notes to the Interim Consolidated Financial Statements (continued)

(h) At September 30, 2023 and December 31, 2022, under the SBS standards, the loan portfolio of BBVA Peru Group is risk rated as follows:

| Risk category | 2023 | | | | | | 2022 | | | | | |
|-------------------------|--------------------|------------|------------------------|------------|-------------------|------------|--------------------|------------|------------------------|------------|-------------------|------------|
| | Direct S/ (000) | % | Contingent S/ (000) | % | Total S/ (000) | % | Direct S/ (000) | % | Contingent S/ (000) | % | Total S/ (000) | % |
| Normal | 65,366,524 | 89 | 15,816,659 | 89 | 81,183,183 | 89 | 65,824,886 | 90 | 16,223,261 | 90 | 82,048,147 | 90 |
| With potential problems | 2,433,713 | 3 | 1,172,593 | 7 | 3,606,306 | 4 | 2,382,750 | 3 | 1,202,558 | 7 | 3,585,308 | 4 |
| Substandard | 1,367,745 | 2 | 307,290 | 2 | 1,675,035 | 2 | 1,117,219 | 2 | 236,992 | 1 | 1,354,211 | 1 |
| Doubtful | 1,660,451 | 2 | 103,977 | 1 | 1,764,428 | 2 | 1,263,460 | 2 | 124,124 | 1 | 1,387,584 | 2 |
| Loss | 2,664,255 | 4 | 175,615 | 1 | 2,839,870 | 3 | 2,513,211 | 3 | 126,103 | 1 | 2,639,314 | 3 |
| | <u>73,492,688</u> | <u>100</u> | <u>17,576,134</u> | <u>100</u> | <u>91,068,822</u> | <u>100</u> | <u>73,101,526</u> | <u>100</u> | <u>17,913,038</u> | <u>100</u> | <u>91,014,564</u> | <u>100</u> |
| Deferred income | 96,147 | | | | 96,147 | | 86,431 | | | | 86,431 | |
| | <u>73,588,835</u> | | <u>17,576,134</u> | | <u>91,164,969</u> | | <u>73,187,957</u> | | <u>17,913,038</u> | | <u>91,100,995</u> | |

(*) For the purpose of recording provisions, pursuant to Resolution SBS No 3922-2021, rescheduled loans due to Covid-19 that were rated as "Normal" will be given a classification of "CPP"; for loans that were rated as "Normal" and "CPP" given by the Bank, for which one full installment has not been paid, including the principal over the last 6 months, will be given a classification of "Substandard"; and for those rescheduled loans rated as normal, CPP and substandard, for which one full installment has not been paid, including the principal over the last 12 months, they will be considered as "Doubtful". At September 30, 2023 and December 31, 2022, the balance of these provisions for rescheduled loans is S/ 4 million and S/ 7 million, respectively.

Notes to the Interim Consolidated Financial Statements (continued)

- (i) At September 30, 2023 and December 31, 2022, movement of the provision for direct loan losses is as follows

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | S/(000) | S/(000) |
| Balance at the beginning of the period | (4,662,538) | (4,658,162) |
| Additions debited to profit or loss | (2,618,603) | (2,382,251) |
| Recovery of provisions | 1,338,403 | 1,371,455 |
| Sale of loan portfolio | 483,618 | 430,517 |
| Write-off | 521,241 | 448,669 |
| Waiver | 52,729 | 55,703 |
| Exchange difference, net | (1,364) | 71,531 |
| Balance at September 30 | <u>(4,886,514)</u> | <u>(4,662,538)</u> |

- (j) At September 30, 2023 and 2022, the balance of the provision for loan losses shown in the interim consolidated statement of income is as follows:

| | 2023 | 2022 |
|---|--------------------|------------------|
| | S/(000) | S/(000) |
| Provision for loan losses | (2,618,603) | (1,881,646) |
| Recovery of loan losses provisions | 1,338,403 | 1,218,990 |
| Recovery of country risk provision | 4,666 | - |
| Income on portfolio recovery | 14,574 | 9,637 |
| Provision for loans, net of recoveries | <u>(1,260,960)</u> | <u>(653,019)</u> |

- (k) The balance of the provision for loan losses is broken down as follows

| | 2023 | 2022 |
|----------------------------|--------------------|--------------------|
| | S/(000) | S/(000) |
| Specific | (3,421,608) | (3,021,965) |
| Specific – COVI D-19 | (4,234) | (8,646) |
| Generic | (757,971) | (735,777) |
| Voluntary | (702,400) | (895,657) |
| Provision for country risk | (301) | (493) |
| | <u>(4,886,514)</u> | <u>(4,662,538)</u> |

The provision for indirect loan losses is shown within "Payables, provisions, and other liabilities" in the interim consolidated statement of financial position (note 14).

BBVA Peru Group, in compliance with current standards and regulations, has identified those customers that are exposed to the credit risk and currency risk, and no additional provision has been deemed necessary to be made.

Management of BBVA Peru Group considers that the provision for loan losses recorded at September 30, 2023 and December 31, 2022 has been made in accordance with the SBS standards effective at those dates.

Notes to the Interim Consolidated Financial Statements (continued)

8. Trading and Hedging derivatives

At September 30, 2023 and December 31, 2022, BBVA Peru Group through the Bank holds foreign-exchange forward contracts, cross-currency swaps, interest rate swaps and options. At September 30, 2023 and December 31, 2022, changes in the fair value of these derivatives are shown within accounts receivable (assets) or accounts payable (liabilities), as appropriate:

| | Note | Underlying | Maturity date | 2023 | Assets | Liabilities |
|--|-----------------|---------------------------------|-----------------------|--------------------|-----------|-------------|
| | | | | Nominal S/(000) | S/(000) | S/(000) |
| Trading derivatives | | | | | | |
| Currency forward contracts | | | Between 2023 and 2029 | 27,260,819 | 237,038 | 435,559 |
| Currency swap | | | Between 2023 and 2042 | 18,345,447 | 561,335 | 299,951 |
| Interest rate swaps | | | Between 2023 and 2050 | 16,361,276 | 646,936 | 509,492 |
| Equity options, foreign currency options and other options | | | Between 2023 and 2026 | 1,867,570 | 14,793 | 14,793 |
| Provision for country risk | | | | - | (9,315) | - |
| | | | | 63,835,112 | 1,450,787 | 1,259,794 |
| Hedging derivatives | | | | | | |
| | 5, 6, 12 and 13 | | | | | |
| At fair value (i) | | | | | | |
| Interest rate swaps | | Bonds issue | 2024 | 1,137,900 | - | 45,817 |
| Cash flows hedges (ii) | | | | | | |
| Interest rate swaps | | Legal reserve | Between 2024 and 2026 | 4,551,600 | - | 57,401 |
| Currency swap | | Debts and financial obligations | 2027 | 227,580 | - | 23,885 |
| Currency forward contracts | | Time deposit | Between 2023 and 2024 | 146,571 | - | 4,173 |
| Currency swap | | Global Perú bonds | 2025 | 113,790 | - | 12,640 |
| | | | | 6,177,441 | - | 143,917 |
| | | | | 70,012,553 | 1,450,787 | 1,403,711 |

Notes to the Interim Consolidated Financial Statements (continued)

| | Note | 2022 | | | | |
|--|-------------|---------------------------------|-----------------------|--------------------|-------------------|------------------------|
| | | Underlying | Maturity date | Nominal S/(000) | Assets S/(000) | Liabilities S/(000) |
| Trading derivatives | | | | | | |
| Currency forward contracts | | | Between 2023 and 2029 | 21,636,906 | 330,171 | 112,740 |
| Interest rate swaps | | | Between 2023 and 2050 | 17,944,373 | 532,972 | 384,954 |
| Currency swap | | | Between 2023 and 2042 | 16,645,992 | 482,709 | 736,333 |
| Equity options, foreign currency options and other options | | | Between 2023 and 2026 | 871,647 | 11,816 | 11,816 |
| Provision for country risk | | | - | - | (8,049) | - |
| | | | | <u>57,098,919</u> | <u>1,349,619</u> | <u>1,245,843</u> |
| Hedging derivatives | | | | | | |
| | 5, 6 and 13 | | | | | |
| At fair value (i) | | | | | | |
| Interest rate swaps | | Bonds issue | 2024 | 1,144,200 | - | 67,398 |
| Interest rate swaps | | Debts | 2026 | 762,800 | 2,974 | - |
| Contractual cash flows (ii) | | | | | | |
| Interest rate swaps | | Legal reserve | Between 2024 and 2025 | 3,051,200 | 685 | 2,750 |
| Currency swap | | Debts and financial obligations | 2027 | 228,840 | - | 15,125 |
| Currency swap | | Global Perú bonds | 2025 | 114,420 | - | 15,274 |
| Currency forward contracts | | Time deposits | 2023 | 90,814 | - | 3,081 |
| | | | | <u>5,392,274</u> | <u>3,659</u> | <u>103,628</u> |
| | | | | <u>62,491,193</u> | <u>1,353,278</u> | <u>1,349,471</u> |

(i) Fair value – Hedging derivatives

Interest rate swap

At September 30, 2023, the Bank holds interest rate swap contracts at face value for S/ 1,138 million for debts and issuance (S/ 1,907 million at December 31, 2022). Through IRS, the Bank receives a fixed interest rate in U.S. dollars and pays a variable interest rate in the same currency. In 2023, changes in the fair value of IRS amounts to a gain for S/ 17 million (S/ 92 million in 2022) and is recorded in profit or loss from financial transactions of the interim consolidated statement of income.

Notes to the Interim Consolidated Financial Statements (continued)

(ii) Cash flow - Hedging derivatives

Currency forward contracts

At September 30, 2023, the Bank has foreign exchange forward contracts with a notional amount of S/ 147 million to hedge time deposits of US\$39 million (S/ 91 million for hedging the time deposits for US\$ 24 million at December 31 2022). By means of this foreign exchange forward contract, the Bank receives cash flows in U.S. dollars and pays future cash flows in Peruvian soles.

During 2023, the fair value of the forward contracts was a loss of S/ 0.2 million stated in net equity accounts of its deferred income tax (net gain of deferred income tax of S/ 2 million during 2022).

Currency swap

At September 30, 2023 and December 31, 2022, the Bank holds currency swaps with a face value amounting to S/341 million and S/ 343 million, respectively, for the bonds hedge accounted for as available-for-sale investments (US\$ 30 million of a global bond) and debts (US\$ 60 million). By means of the CCS on global bonds, the Bank receives a fixed interest rate in Peruvian soles and pays a fixed interest rate in U.S. dollars; while by means of the CCS on balances due, the Bank obtains a fixed interest rate in U.S. dollars and pays and fixed interest rate in soles.

During 2023, the fair value of the CCS was a loss of S/ 11 million and stated in equity accounts, net of its deferred income tax (net loss of S/ 22 million of deferred income tax during 2022).

Interest rate swap

At September 30, 2023 and December 31, 2022, the Bank has an interest rate swap (IRS) contract with a notional amount of S/ 4,552 million and S/3,051 million, respectively, to hedge a number of additional legal reserve funds in U.S. dollars. The Bank receives a fixed interest rate in U.S. dollars and pays a floating interest rate in the same currency.

During 2023, the fair value of IRS resulted in a loss of S/ 38 million as recognized in net equity accounts, net of deferred income tax (net loss of deferred income tax of S/ 1 million in 2022).

Notes to the Interim Consolidated Financial Statements (continued)

9. Interests in Associates

This caption comprises the following:

| | 2023 | 2022 |
|--|--------------|---------------|
| | S/(000) | S/(000) |
| TFP S.A.C. (a) | 4,716 | 4,798 |
| Compañía Peruana de Medios de Pagos S.A.C. (b) | 1,645 | 7,350 |
| | <u>6,361</u> | <u>12,148</u> |

(a) At September 30, 2023 and December 31, 2022, the BBVA Peru Group, through the Bank, holds 24.30% of shares in the share capital of TFP S.A.C., for both periods.

(b) At September 30, 2023 and December 31, 2022, BBVA Peru Group, through the Bank, maintains share of 21.50% in the share capital of Compañía Peruana de Medios de Pago S.A.C. (Niubiz), for both periods.

During 2023, the Bank recognized net losses on interests in associates for S/ 5 million (net gains for S/ 8 million, at September 30, 2022), (note 20).

Notes to the Interim Consolidated Financial Statements (continued)

10. Property, Furniture and Equipment, Net

Movement in property, furniture and equipment and accumulated depreciation was as follows:

| | Land | Buildings and premises | Furniture and equipment | Vehicles | Installations and improvements to rental property | Work-in progress | Goods in transit and replacement parts | Total |
|------------------------------------|---------|------------------------|-------------------------|----------|---|------------------|--|-----------|
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Costs | | | | | | | | |
| Balance at January 1, 2022 | 118,224 | 925,717 | 853,488 | 7,722 | 354,087 | 207,236 | 255 | 2,466,729 |
| Additions | - | 13,821 | 69,618 | 1,823 | 8,547 | 50,369 | - | 144,178 |
| Derecognition of assets and others | - | (293) | (15,174) | - | (8) | - | - | (15,475) |
| Transfers | - | 154,816 | 13,019 | - | 38,592 | (206,427) | - | - |
| At December 31, 2022 | 118,224 | 1,094,061 | 920,951 | 9,545 | 401,218 | 51,178 | 255 | 2,595,432 |
| Additions | - | 12,810 | 48,463 | - | 9,237 | 23,575 | - | 94,085 |
| Derecognition of assets and others | (2,138) | (3,617) | (35,420) | (1,174) | - | - | - | (42,349) |
| Transfers | - | 18,118 | 9,533 | - | 9,122 | (36,773) | - | - |
| At September 30, 2023 | 116,086 | 1,121,372 | 943,527 | 8,371 | 419,577 | 37,980 | 255 | 2,647,168 |
| Depreciation | | | | | | | | |
| Balance at January 1, 2022 | - | 609,591 | 566,426 | 7,343 | 211,890 | - | - | 1,395,250 |
| Additions | - | 32,243 | 75,204 | 404 | 11,911 | - | - | 119,762 |
| Impairment | - | - | - | - | 17,926 | - | - | 17,926 |
| Derecognition of assets | - | (293) | (14,939) | - | - | - | - | (15,232) |
| Transfers | - | (4) | - | - | 4 | - | - | - |
| At December 31, 2022 | - | 641,537 | 626,691 | 7,747 | 241,731 | - | - | 1,517,706 |
| Additions | - | 25,983 | 59,690 | 369 | 10,720 | - | - | 96,762 |
| Impairment | - | - | - | - | - | - | - | - |
| Derecognition of assets | - | (2,624) | (34,512) | (1,174) | - | - | - | (38,310) |
| Transfers | - | - | - | - | - | - | - | - |
| At September 30, 2023 | - | 664,896 | 651,869 | 6,942 | 252,451 | - | - | 1,576,158 |
| Net carrying amount | | | | | | | | |
| At September 30, 2023 | 116,086 | 456,476 | 291,658 | 1,429 | 167,126 | 37,980 | 255 | 1,071,010 |
| At December 31, 2022 | 118,224 | 452,524 | 294,260 | 1,798 | 159,487 | 51,178 | 255 | 1,077,726 |

According to current regulations, the Bank in Peru cannot pledge as collateral the assets that are part of their property, furniture and equipment, except for those acquired through the issuance of lease bonds to carry out finance leases and enter into that sort of transactions.

Management performs a periodic review of the method of depreciation used to ensure it is consistent with the economic benefit assessed for the fixed assets. Bank Management considers that there is no indicator of impairment of the Bank's fixed assets at September 30, 2023 and December 31, 2022.

Notes to the Interim Consolidated Financial Statements (continued)

11. Other Assets, Net

This caption comprises the following:

| | 2023 | 2022 |
|--|------------------|------------------|
| | S/(000) | S/(000) |
| Financial instruments - | | |
| Transactions in progress and others (a), note 27 | 1,446,457 | 976,762 |
| Other accounts receivable | 53,408 | 39,601 |
| Accounts receivable for sale of assets, services and trust | 5,103 | 6,194 |
| Receivables, note 27 | <u>58,591</u> | <u>45,795</u> |
| Non-financial instruments - | | |
| Sales and income tax credit, net | 468,257 | 239,323 |
| Intangible assets (c) | 383,155 | 378,061 |
| Prepaid expenses (b) | <u>188,549</u> | <u>175,312</u> |
| | <u>1,039,961</u> | <u>792,696</u> |
| | <u>2,545,009</u> | <u>1,815,253</u> |

- (a) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following months to their final accounts in the consolidated statement of financial position. These transactions do not affect the BBVA Peru Group net profit or loss. At September 30, 2023, it mainly corresponds to treasury transactions: i) acquisition and sale of currency for S/ 600 million (S/ 291 million at December 31, 2022), and ii) sale of securities for S/815 million (S/ 646 million at December 31, 2022).
- (b) At September 30, 2023 and December 31, 2022, the balances mainly includes prepaid insurance contracts and deferred loan origination costs related to fees paid to the external sales force.
- (c) The movement of intangible assets at September 30, 2023 and December 31, 2022 was as follows:

| | 2023 | 2022 |
|--|------------------|------------------|
| | S/(000) | S/(000) |
| Costs | | |
| Balances at January 1 | 869,955 | 690,545 |
| Additions | 125,042 | 194,904 |
| Disposal and other | (176,140) | (15,494) |
| Balance at September 30 | <u>818,857</u> | <u>869,955</u> |
| Accumulated amortization and impairment | | |
| Balances at January 1 | (491,894) | (371,638) |
| Amortization | (94,410) | (107,066) |
| Impairment (*) | (25,537) | (45,536) |
| Disposals and other | 176,139 | 32,346 |
| Balance at September 30 | <u>(435,702)</u> | <u>(491,894)</u> |
| Net cost | <u>383,155</u> | <u>378,061</u> |

- (*) The carrying amounts of applications acquired or software developed that are not used or do not generate future economic benefits and are stated as a provision for impairment.

Notes to the Interim Consolidated Financial Statements (continued)

12. Deposits and obligations with the public and financial institutions

This caption comprises the following:

| | 2023 | 2022 |
|--|-------------|-------------|
| | S/(000) | S/(000) |
| Deposits and obligations with the public | | |
| Time deposits | 23,508,762 | 18,222,052 |
| Savings accounts | 21,396,077 | 25,112,300 |
| Demand deposits | 21,196,034 | 22,483,924 |
| Other liabilities | 267,498 | 235,476 |
| | <hr/> | <hr/> |
| | 66,368,371 | 66,053,752 |
| | <hr/> | <hr/> |
| Deposits with financial institutions | | |
| Time deposits | 1,152,425 | 603,166 |
| Demand deposits | 272,792 | 192,859 |
| Savings accounts | 63,054 | 51,769 |
| | <hr/> | <hr/> |
| | 1,488,271 | 847,794 |
| | <hr/> | <hr/> |
| | 67,856,642 | 66,901,546 |
| | <hr/> | <hr/> |

The interest rate on borrowings are determined by the Bank considering the interest rates prevailing in the market.

At September 30, 2023, from the total deposits and obligations from individuals and non-profit entities and legal entities, S/ 23,503 million are hedged by the Deposit Insurance Fund (S/ 25,520 million at December 31, 2022) and are obtained from the balances at the end of the month according with SBS Resolution 2448-2020. The maximum amount subject to deposit insurance by person amounts to S/ 124,199 at the end of September 30, 2023 (S/ 125,603 at the end of December 2022).

At September 30, 2023, a portion of the time deposit balances of US\$ 39 million are hedged with a cash flow hedge (US\$ 24 million at December 31, 2022) (Note 8(ii))

On May 25, 2022 and April 8, 2021, by means of Law No 31480 and Law No 31171, "Ley que autoriza la disposición de la compensación por tiempo de servicios a fin de cubrir las necesidades económicas causadas por la pandemia del Covid-19", the Peruvian Government authorized workers to make free use of their full employees' severance indemnities (CTS) until December 31, 2023, deposited with financial institutions and accumulated at the date of disposal, including the deposits that were made in May and November 2022 and 2021 and the deposits that will be made in May and November 2023 to enable workers to meet their economic needs arising from the Covid-19 pandemic.

Notes to the Interim Consolidated Financial Statements (continued)

13. Debts and Financial Obligations

This caption comprises the following:

| | 2023 | 2022 |
|--|------------------|------------------|
| | S/(000) | S/(000) |
| Debts and Financial Obligations | | |
| Foreign financial institutions (a) | 1,267,985 | 956,420 |
| MIVIVIENDA Program - MIHOGAR loan - Local financial system (b) | 876,767 | 672,155 |
| International financial organizations (c) | 796,530 | 228,840 |
| Corporación Financiera de Desarrollo – COFIDE (d) | 5,092 | 5,143 |
| Accrued interest payable | 28,021 | 23,094 |
| | <u>2,974,395</u> | <u>1,885,652</u> |
| Securities and obligations (d): | | |
| Subordinated bonds | 1,567,905 | 1,703,278 |
| Corporate bonds | 246,550 | 420,015 |
| Accrued interest payable | 8,831 | 27,992 |
| Negotiable certificates of deposit | - | 41 |
| | <u>1,823,286</u> | <u>2,151,326</u> |
| | <u>4,797,681</u> | <u>4,036,978</u> |

Certain loan agreements include standard clauses regarding compliance with financial ratios, use of funds and other administrative matters. At September 30, 2023 and December 31, 2022, in management's opinion, these clauses are being met, in all material respects, and do not represent any restriction to the BBVA Peru Group activities.

- (a) At September 30, 2023 and December 31, 2022, the BBVA Peru Group maintains the following debt agreements with foreign financial institutions, which accrue interest at annual average rates ranging from SOFR +0.64% and 3.18% (Libor +1.45% and 3.18% at December 31, 2022).

| | 2023 | | 2022 | | Maturity date |
|---------------------------------|----------------|------------------|----------------|----------------|--------------------------|
| | S/(000) | S/(000) | S/(000) | S/(000) | |
| | US\$ | S/ | US\$ | S/ | |
| BBVA S.A. (i) | 200,000 | 758,600 | 200,765 | 765,720 | February 2031 |
| ICO - Instituto de crédito (ii) | 84,296 | 319,735 | - | - | March 2030 and July 2030 |
| Mizuho Corporate Bank (iii) | 50,000 | 189,650 | 50,000 | 190,700 | November 2023 |
| | <u>334,296</u> | <u>1,267,985</u> | <u>250,765</u> | <u>956,420</u> | |
| Accrued interest payable | 4,075 | 15,455 | 5,555 | 21,187 | |
| | <u>338,371</u> | <u>1,283,440</u> | <u>256,320</u> | <u>977,607</u> | |

- (i) Comprising mainly a foreign exchange subordinated loan of US\$200 million agreed at an annual interest rate of 3.18% for the first 5 years; a different rate will be set for the remaining years with due date in February 2031. Such a loan qualifies as Tier 2 regulatory capital. This loan was hedged with a fair value interest rate swap – IRS, which resulted in cumulative losses of S/3 million at December 31, 2022.

Notes to the Interim Consolidated Financial Statements (continued)

(ii) Comprising two foreign currency loans for US\$ 54 million and US\$ 30 million agreed at an annual interest rate of a SOFR + 0.64% and SOFR + 0.81%, respectively.

(iii) Comprising a foreign exchange loan agreed at an annual interest rate of SOFR + 1.56%.

At September 30, 2023 and December 31, 2022, the BBVA Peru Group has deferred issuance expenses in accounts payable for S/ 1 million and S/ 2 million of deferred issue expenses, respectively.

- (b) At September 30, 2023, it corresponds to resources for the financing of the acquisition of houses under the MI VIVIENDA program (MI HOGAR credit) for S/ 874 million in local currency and US\$ 0.1 million in foreign currency (S/ 664 million in local currency and US\$ 0.2 million in foreign currency at December 31, 2022). At September 30, 2023 and December 31, 2022, this loan accrue interest at an annual effective rate in U.S. dollars of 7.75 % and in soles of 6.25 % on principal plus constant update value in both periods, and have maturity on September 2043 and December 2042, respectively.

At September 30, 2023 and December 31, 2022, debts with MIVIVIENDA fund are guaranteed with mortgage loan portfolio up to S/ 874 million and S/ 664 million, respectively (note 7). These loans include specific agreements on how the funds should be used, the financial conditions that the final borrower must maintain, as well as other administrative matters.

- (c) At September 30, 2023 and December 31, 2022, this balance includes a borrowing of US\$ 150 million and US\$ 60 million with IFC (International Finance Corporation) with maturity in June 2029 and December 2027. The annual interest rate is SOFR + 1.65% on the US\$ 150 million loan and 3.11% on the US\$ 60 million loan. Also, cash flows are hedged for US\$ 60 million with a cross currency swap – CCS (Note 8(ii)) and this transaction reflects a balance of payables of S/ 2 million comprising deferred issuance expenses, for both periods.

Notes to the Interim Consolidated Financial Statements (continued)

(d) At September 30, 2023 and December 31, 2022, securities and bonds are as follows:

| | Amount authorized by program | Currency | Original amount placed | 2023 | 2022 | Maturity date |
|---|-------------------------------------|----------|------------------------|-----------|-----------|----------------|
| Corporate bonds | | | | | | |
| 2nd issuance series A - Fifth Program | USD 250 million | PEN | 150,000 | 150,000 | 150,000 | December 2026 |
| 2nd issuance series A - Seventh Program | USD 1,000 million | PEN | 100,000 | - | 100,000 | July 2023 |
| 2nd issuance series B - Seventh Program | | PEN | 73,465 | - | 73,465 | August 2023 |
| 2nd issuance series C - Seventh Program | | PEN | 96,550 | 96,550 | 96,550 | December 2024 |
| | | | | 246,550 | 420,015 | |
| Subordinated bonds | | | | | | |
| 3rd issuance series A - First program | USD 50 million or S/ 158.30 million | PEN | 55,000 | 97,440 | 93,580 | June 2032 |
| 2nd issuance series A - Second program | | PEN | 50,000 | 86,754 | 83,317 | November 2032 |
| 3rd issuance series A - Second program | | USD | 20,000 | 75,860 | 76,280 | February 2028 |
| 4th issuance single series - Second program | USD 100 million | PEN | 45,000 | - | 72,363 | July 2023 |
| 5th issuance single series - Second program | | PEN | 50,000 | - | 79,366 | September 2023 |
| 6th issuance series A - Second program | | PEN | 30,000 | 48,729 | 46,799 | December 2033 |
| 1st issuance single series - Third Program | USD 55 million | USD | 45,000 | 170,685 | 171,630 | October 2028 |
| First Program of international Issuance - Single issuance (i) | USD 300 million | USD | 300,000 | 1,088,437 | 1,079,943 | September 2029 |
| | | | | 1,567,905 | 1,703,278 | |
| Negotiable certificates of deposit | | | | | | |
| | | | | - | 41 | |
| Accrued interest payable | | | | | | |
| | | | | 8,831 | 27,992 | |
| | | | | 1,823,286 | 2,151,326 | |

Notes to the Interim Consolidated Financial Statements (continued)

- (i) In September 2014, the Bank issued subordinated bonds in the international market for a face value of US\$ 300 million, at an annual fixed rate of 5.25%, and with maturity in September 2029. The main payment shall be carried out in full on its maturity date. Fair value of this issuance has been hedged with interest rate swaps, which accrued accumulated gains of S/ 46 million at September 30, 2023 (accumulated gains for S/ 60 million at December 31, 2022).

At September 30, 2023, corporate bonds do not have specific collaterals and accrue interest at effective annual interest rates ranging in local currency from 4.44% and 7.47% (4.40% and 7.50% at December 31, 2022).

Subordinated bonds have been issued in accordance with the Banking Law, and accrue interest at an annual interest rate ranging from constant update value plus a spread for local currency, and from 5.3% and 6.5% in foreign currency, at September 30, 2023 and December 31, 2022.

At September 30, 2023 and December 31, 2022, BBVA Peru Group has in accounts payable a balance of S/ 11 million and S/ 5 million, respectively, which corresponds to deferred issuance expenses.

14. Accounts Payable, Provisions and Other Liabilities

This caption comprises the following:

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | S/(000) | S/(000) |
| Accounts payable | | |
| Repurchase agreements with BCRP (a) | 8,302,238 | 10,505,016 |
| Accounts payable to suppliers | 902,994 | 878,397 |
| Other accounts payable (b) | 185,612 | 478,266 |
| Premium to deposit insurance fund, contributions and obligations with tax collecting institutions | 179,072 | 203,842 |
| Interest payable | 119,978 | 74,023 |
| Dividends, interest and remunerations payable | 103,705 | 147,698 |
| | <u>9,793,599</u> | <u>12,287,242</u> |
| Provisions | | |
| Labor provisions and others | 645,855 | 632,031 |
| Provision for indirect loans | 256,801 | 281,321 |
| Provision for litigations, claims and other contingencies (c) | 216,155 | 251,427 |
| | <u>1,118,811</u> | <u>1,164,779</u> |
| Other liabilities | | |
| Transactions in progress (d) | 1,440,802 | 974,957 |
| Deferred income and others | 76,214 | 77,099 |
| | <u>1,517,016</u> | <u>1,052,056</u> |
| | <u>12,429,426</u> | <u>14,504,077</u> |

- (a) At September 30, 2023, it corresponds to repurchase agreements of the loan portfolio of the Reactiva Peru program for S/ 1,920 million (S/ 5,408 million at December 31, 2022), repo transactions of rescheduled loans for S/ 4,901 million (S/ 4,901 million at December 31, 2022) and repo transactions of certificates of deposits for S/ 1,382 million (S/ 196 million at December 31, 2022), signed with BCRP as well as repo transactions signed with banks for S/100 million.

Notes to the Interim Consolidated Financial Statements (continued)

At September 30, 2023 and December 31, 2022, repo transactions of the loan portfolio of the Reactiva Peru program mature in December 2025 and accrue interest at annual interest rates of 0.50%. Also, repo transactions of rescheduled loans mature in September 2025 and accrue interest at annual interest rates ranging from 0.50% to 3.50% for both periods.

- (b) At September 30, 2023, it includes S/ 23 million insurance on behalf of borrowers (S/ 74 million at December 31, 2022) and S/ 58 million for short selling transactions (S/ 279 million at December 31, 2022).
- (c) BBVA Peru Group has several pending court claims, litigation and other processes that are related to the activities it develops, and in the opinion of Management and its legal advisors, they will not result in additional liabilities to those registered.
- (d) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position. These transactions do not have an impact on the Bank's net profit. At September 30, 2023, liability transactions in progress mainly include treasury transactions for S/ 1,005 million (S/ 647 million at December 31, 2022).

15. Equity

- (a) Regulatory capital and legal limits

In accordance with the Banking Law, the regulatory capital amount could not be less than 10% of risk - weighted assets for credit risk, market risk and operational risk, which are calculated by the Bank using the standardized approach.

By means of Legislative Decree No 1531 dated March 19, 2022, the Peruvian banking law was amended to adopt the Basil III capital standards and approach; major changes include: composition of regulatory capital (patrimonio efectivo en Perú), requirement of minimum ratios, powers in the event of noncompliance with solvency requirements, among others. The SBS, by means of general purpose standards, set the form and due dates for adequacy. On December 27, 2022 by means of SBS resolution No 03952-2022, the minimum solvency requirements were set in article 199 of the General Banking Law with the following adequacy due dates:

| Period | Common equity Tier 1 requirement | Tier 1 Regulatory Capital requirement | Minimum total regulatory capital ratio |
|-----------------------------|----------------------------------|---------------------------------------|--|
| January 2023 to March 2023 | 3.825% | 5.10% | 8.5% |
| April 2023 to February 2024 | 4.05% | 5.40% | 9.0% |
| Mach 2024 to August 2024 | 4.275% | 5.70% | 9.5% |
| September 2024 onwards | 4.50% | 6.00% | 10.0% |

Notes to the Interim Consolidated Financial Statements (continued)

At September 30, 2023, the regulatory capital of the Bank, determined according to current legal regulations, is S/ 14,664 million (S/ 12,885 million at December 31, 2022):

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| | S/(000) | S/(000) |
| Tier 1 | | |
| Plus | | |
| Common shares | 8,147,211 | 7,382,184 |
| Net profit for the year | 1,475,747 | - |
| Unrealized gains on available-for-sale investments | 76,439 | - |
| Legal reserve | 2,245,122 | 2,244,747 |
| Less | | |
| Regulatory adjustments | (573,262) | (39,692) |
| | <u>11,371,257</u> | <u>9,587,239</u> |
| Tier 2 | | |
| Plus | | |
| Subordinated debt | 758,600 | 762,800 |
| Subordinated bonds | 1,496,501 | 1,519,295 |
| Generic provisions for loans | 1,037,620 | 1,055,237 |
| Less | | |
| Regulatory adjustments | - | (39,692) |
| | <u>3,292,721</u> | <u>3,297,640</u> |
| Total regulatory capital (patrimonio efectivo) | <u>14,663,978</u> | <u>12,884,879</u> |

Pursuant to the Rules to meet the Requirement of Regulatory Capital for Additional Risk, as approved under Resolution SBS No 03953-2022 (published on December 22, 2022), the requirement for additional regulatory capital is set to be the sum of the regulatory capital requirements each of which is calculated based on the following components: credit concentration risk and interest rate risk stated in the banking book. At September 30, 2023 the requirement of regulatory capital for additional risks for the Bank totals S/ 395 million. Pursuant to the Rules to meet the Requirement of Conservation Buffers per Economic Cycle and for the Market Concentration Risk of, as approved under Resolution SBS No 03954-2022 (published December 22, 2022), the methodologies were set to calculate the conservation buffer requirements per economic cycle, activation and operation of this buffer per economic cycle, the requirement for a buffer for market concentration risk, requirement for capital conservation buffer, and the restrictions applicable to non-compliance buffer requirements and other measures. At September 30, 2023, the balance of the buffer requirement was S/ 1,270 million.

At September 30, 2023 and December 31, 2022, by means of Letter No 7850-2023-SBS dated February 17, 2023 and letter No 2097-2022 dated January 19, 2022, the SBS established that the Bank should maintain Tier 1 Capital Level above the 10% of the total risk-weighted assets. According to the aforementioned letters, at September 30, 2023, Tier 1 Capital is measured considering share capital, retained earnings, profits for the year, unrealized gains on available-for-sale investments, legal reserve and deductions on Tier 1 Capital, while, at December 31, 2022, Tier 1 Capital was measured considering capital stock, legal reserve and deductions on regulatory capital (patrimonio efectivo). At September 30, 2023 and at December 31, 2022, the Bank's solvency ratio was 12.31% and 10.34%, respectively, in consistency with the requirements of the above-mentioned letters.

Notes to the Interim Consolidated Financial Statements (continued)

At September 30, 2023, contingent assets and contingent loans weighted by credit risk, market risk, and operational risk under the standards currently effective totaled S/92,376 million (S/92,296 million at December at December 31, 2022). Also, the Bank's global capital adequacy ratio by credit, market and operational risk is 15.87% (13.96% at December 31, 2022).

It should be noted that the regulatory capital requirement is a figure that is used to calculate the limits and restrictions applicable to the Bank, which Management considers it has fully met.

(b) Share capital -

At September 30, 2023 and December 31, 2022, the Bank authorized, subscribed, and paid-in capital is represented by 8,147,211 and 7,382 thousand of ordinary shares, respectively, with a face value of S/ 1.00 each.

The General Shareholders' Meeting held on March 30, 2023 and March 31, 2022 approved the increase in share capital for S/ 765 million and S/ 624 million, respectively, by means of the capitalization of retained earnings.

At September 30, 2023 and December 31, 2022, shareholding on the Bank's share capital is as follows:

| | 2023 | | 2022 | |
|-------------------|---------------------------|------------|---------------------------|------------|
| | Number of shareholders | Interest % | Number of shareholders | Interest % |
| Up to 1 | 8,996 | 6.60 | 8,601 | 6.62 |
| From 1.01 to 5 | 1 | 1.16 | 1 | 1.14 |
| From 45.01 to 100 | 2 | 92.24 | 2 | 92.24 |
| | <u>8,999</u> | <u>100</u> | <u>8,604</u> | <u>100</u> |

(c) Reserves

In accordance with the Banking Law, the Bank is required to have a legal reserve of more than 35% of the paid-in-capital. This legal reserve shall be recognized by an annual transfer of more than 10% of profit after tax. It shall replace the reserve referred to in the Companies Act. In accordance with the Banking Law, the amount of this reserve may also be increased with contributions made by the shareholders for this purpose.

At the General Shareholders' Meeting held on March 30, 2023 and March 31, 2022, the decision was made to approve to record the legal reserve for an amount equivalent to 10% of 2022 profits (S/ 191 million) and 2021 (S/ 156 million), respectively.

(d) Adjustments to equity

At September 30, 2023 and December 31, 2022, unrealized profit or loss, net of deferred tax, was as detailed below:

| | 2023 | 2022 |
|--|---------------|-----------------|
| | S/(000) | S/(000) |
| Available-for-sale investments, note 6 | 57,692 | (79,310) |
| Cash Flow hedges, note 8 | (48,729) | (26,016) |
| Other comprehensive income of associates, note 9 | 120 | 195 |
| Actuarial liabilities on long-term employee benefits | 14,079 | 14,079 |
| | <u>23,162</u> | <u>(91,052)</u> |

Notes to the Interim Consolidated Financial Statements (continued)

(e) Retained earnings

At the General Shareholders' Meeting, held on March 30, 2023 and March 31, 2022, the decision was made to approve the capitalization of retained earnings for S/ 765 million and S/ 624 million, respectively, and dividend distribution for S/956 million and S/ 780 million respectively.

16. Contingent Risks and Commitments

This caption comprises the following:

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | S/(000) | S/(000) |
| Indirect loans | | |
| Guarantees and letters of guarantee | 16,576,067 | 16,603,204 |
| Letters of credit and banker's acceptance | 1,000,067 | 1,309,834 |
| | <u>17,576,134</u> | <u>17,913,038</u> |
| | | |
| Unused credit lines and undisbursed granted loans | 19,629,698 | 18,320,926 |
| Various responsibilities | 6,069 | 6,102 |
| | <u>37,211,901</u> | <u>36,240,066</u> |

In the normal course of its business, BBVA Peru Group participates in transactions whose risk is recorded in contingent accounts. These transactions expose the BBVA Peru Group to credit risk, in addition to the amounts presented in the consolidated statement of financial position.

Credit risk arising from contingent transactions reflects the probability that one of the contractual parties does not honor the agreed terms and conditions.

BBVA Peru Group applies similar credit policies when evaluating and granting direct and indirect loans. In management's opinion, contingent transactions do not represent a relevant credit risk since it expects that a portion of these indirect loans expire without being used. The total amount of indirect loans does not necessarily represent future cash outflows for BBVA Peru Group.

Management estimates that no significant losses will arise, for contingent transactions effective at September 30, 2023 and December 31, 2022.

17. Interest income

This caption comprises the following:

| | 2023 | 2022 |
|--|------------------|------------------|
| | S/(000) | S/(000) |
| Direct loan portfolio | 4,776,789 | 3,583,391 |
| Cash and due from banks | 347,226 | 84,685 |
| Available-for-sale investments | 219,635 | 143,008 |
| Investments at fair value through profit or loss | 215,809 | 163,874 |
| Interbank funds | 11,175 | 5,344 |
| Other finance income | 3,025 | 3,256 |
| Gains or losses on hedging transactions | - | 108,508 |
| | <u>5,573,659</u> | <u>4,092,066</u> |

Notes to the Interim Consolidated Financial Statements (continued)

18. Interest Expenses

This caption comprises the following:

| | 2023 | 2022 |
|--|--------------------|------------------|
| | S/(000) | S/(000) |
| Deposits and obligations with the public | (1,129,727) | (354,248) |
| Debts and financial obligations | (199,478) | (249,737) |
| Accounts payable | (134,280) | (81,376) |
| Gains or losses on hedging transactions | (75,078) | - |
| Deposits with financial institutions | (55,914) | (12,214) |
| Interbank funds | (9,090) | (8,900) |
| Other borrowing costs | (17,473) | (29,692) |
| | <u>(1,621,040)</u> | <u>(736,167)</u> |

19. Income from financial service, Net

This caption comprises the following:

| | 2023 | 2022 |
|---|------------------|------------------|
| | S/(000) | S/(000) |
| Income | | |
| Income from credit cards fees | 295,166 | 271,074 |
| Income from indirect loans | 216,501 | 194,048 |
| Transfer fees | 192,869 | 218,311 |
| Income from collections services fees | 141,541 | 122,655 |
| Income from online banking services for business | 57,712 | 51,480 |
| Income from services and maintenance of checking accounts | 47,976 | 41,403 |
| Income from technical and legal studies | 20,467 | 13,170 |
| Income from cash services | 8,660 | 6,500 |
| Income from advisory services | 7,997 | 16,336 |
| Income from trust and trust fees | 1,013 | 924 |
| Other income for services | 288,422 | 237,319 |
| | <u>1,278,324</u> | <u>1,173,220</u> |
| Expenses | | |
| Expenses for operating with Visa, Mastercard and Plin | (141,848) | (108,367) |
| Customer loyalty program | (127,002) | (100,929) |
| Premiums to the Deposit Insurance Fund | (80,904) | (82,268) |
| Financial product sponsors | (65,611) | (50,607) |
| Transfers | (39,314) | (30,509) |
| Purchase of foreign currency - spot transaction | (19,883) | (70,104) |
| Government Funding Guarantee | (6,910) | (7,408) |
| Expenses of maintenance of checking accounts | (3,167) | (3,819) |
| Other expenses of services | (34,586) | (41,394) |
| | <u>(519,225)</u> | <u>(495,405)</u> |
| | <u>759,100</u> | <u>677,815</u> |

Notes to the Interim Consolidated Financial Statements (continued)

20. Profit or loss on financial transactions

The table below shows a detail:

| | 2023 | 2022 |
|--|----------------|----------------|
| | S/(000) | S/(000) |
| Exchange gains, note 4 | 545,905 | 749,905 |
| Other | 30,101 | 35,631 |
| Investments at fair value through profit or loss | 19,978 | (10,427) |
| Gains or losses on hedging transactions | 16,806 | (98,796) |
| Trading derivatives | 3,101 | (268,622) |
| Available-for-sale investments | (5,565) | 679 |
| (Loss) Gain on interests, note 9 | (4,569) | 8,341 |
| | <u>605,757</u> | <u>416,711</u> |

21. Administrative Expenses

This caption comprises the following:

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | S/(000) | S/(000) |
| Third party service expenses | (935,383) | (780,226) |
| Personnel and Board of Directors expenses | (843,420) | (733,525) |
| Tax and contributions | (38,747) | (37,960) |
| | <u>(1,817,550)</u> | <u>(1,551,711)</u> |

22. Other Income and Expenses, Net

At September 30, 2023, this item shows "Other income" of S/ 66 million, mainly including the reversal of contingent provisions of S/43 million; other income of S/ 20 million; income from leases of S/ 2 million and "Other expenses" of S/ 74 million, mainly including losses on sales of seized assets and recovered of S/ 32 million; losses on sales of seized assets and recovered of S/25 million, claims on cards of S/8 million, administrative penalties of S/6 million and donations of S/3 million. At September 30, 2022, this item showed "Other income" of S/ 51 million, mainly including the reversal of contingent provisions of S/32 million, other income of S/16 million; revenue from leases of S/3 million; sales of assets of S/1 million and "Other expenses" of S/ 44 million, mainly including losses on technological fraud , returns to customers and claim of S/ 21 million, losses on sales of seized assets and recovered of S/12 million; donations of S/3 million, claims on cards of S/2 million and losses not covered by insurance of S/ 1 million.

Notes to the Interim Consolidated Financial Statements (continued)

23. Earnings Per Share

The calculation of the weighted average number of shares outstanding and earnings per share at September 30, 2023 and December 31, 2022, was as follows:

| | Number of shares outstanding | Base shares in determining weighted average | Effective days to period-end | Weighted average number of common shares |
|---|------------------------------------|--|---------------------------------|---|
| 2023 | | | | |
| Balance at January 1, 2023 | 7,382,184 | 7,382,184 | 270 | 7,382,184 |
| Capitalization of 2022 profit | 765,027 | 765,027 | 270 | 765,027 |
| Balance at September 30, 2023 | <u>8,147,211</u> | <u>8,147,211</u> | | <u>8,147,211</u> |
| Net Profit at September 30, 2023 | | | | 1,479,874 |
| Earnings per basic and diluted share | | | | <u>0.1816</u> |
| 2022 | | | | |
| Balance at January 1, 2022 | 6,758,467 | 6,758,467 | 270 | 6,758,467 |
| Capitalization of 2021 profit | 623,717 | 623,717 | 270 | 623,717 |
| Capitalization of 2022 profit | - | 765,027 | 270 | 765,027 |
| Balance at September 30, 2022 | <u>7,382,184</u> | <u>8,147,211</u> | | <u>8,147,211</u> |
| Net Profit at September 30, 2022 | | | | 1,487,873 |
| Earnings per basic and diluted share | | | | <u>0.1826</u> |

Notes to the Interim Consolidated Financial Statements (continued)

24. Related Party Transactions

At September 30, 2023 and December 31, 2022, the consolidated financial statements include related party transactions, which, under IAS 24 and SBS regulations, comprise the parent company, subsidiaries, related parties, associates, other related parties, and the Bank's directors and key management. All transactions with related parties are carried out under the available market conditions for unbound third parties.

(a) The balances of the BBVA Peru Group's consolidated statement of financial position arising from related parties at September 30, 2023 and December 31, 2022 were as follows:

| | 2023 | | | | | 2022 | | | | |
|--|-------------------|---------------------|---------------|-----------------------------|------------------|-------------------|---------------------|---------------|-----------------------------|------------------|
| | Controlling party | Related parties (*) | Associates | Key personnel and directors | Total | Controlling party | Related parties (*) | Associates | Key personnel and directors | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Assets: | | | | | | | | | | |
| Cash and due from banks | 323,432 | 979 | - | - | 324,411 | 386,470 | 1,475 | - | - | 387,945 |
| Loan portfolio, net | - | 150,280 | 30,028 | 24,396 | 204,704 | - | 242,643 | 27,279 | 24,886 | 294,808 |
| Trading derivatives | 936,461 | 45,236 | - | - | 981,697 | 485,210 | 49,732 | - | - | 534,942 |
| Other assets, net | 414,854 | 112,450 | - | - | 527,304 | 214,896 | 28,886 | - | - | 243,782 |
| Total assets | 1,674,747 | 308,945 | 30,028 | 24,396 | 2,038,116 | 1,086,576 | 322,736 | 27,279 | 24,886 | 1,461,477 |
| Liabilities: | | | | | | | | | | |
| Deposits and obligations with financial institutions | 217,601 | 278,266 | 2,114 | 38,497 | 536,478 | 245,089 | 272,026 | 1,096 | 39,574 | 557,785 |
| Debts and financial obligations | 773,185 | - | - | - | 773,185 | 783,588 | - | - | - | 783,588 |
| Trading derivatives | 929,387 | 1,023 | - | - | 930,410 | 485,466 | 190 | - | - | 485,656 |
| Provisions and other liabilities | 175,093 | 180,480 | - | - | 355,573 | 271,976 | 303,343 | - | - | 575,319 |
| Total liabilities | 2,095,266 | 459,769 | 2,114 | 38,497 | 2,595,646 | 1,786,119 | 575,559 | 1,096 | 39,574 | 2,402,348 |
| Off-balance sheet accounts: | | | | | | | | | | |
| Indirect loans | - | 158,179 | 11,010 | - | 169,189 | - | 70,287 | 13,385 | - | 83,672 |
| Derivative instruments | 22,778,719 | 293,483 | - | - | 23,072,202 | 18,579,416 | 16,400 | - | - | 18,595,816 |

(*) Related parties include balances and transactions with other related parties in accordance with IAS 24 and SBS regulations.

Notes to the Interim Consolidated Financial Statements (continued)

(b) The effects of related party transactions in the BBVA Peru Group's consolidated statement of financial position are detailed below for the years ended September 30, 2023 and 2022

| | 2023 | | | | | 2022 | | | | |
|---|-------------------|---------------------|------------|-----------------------------|------------------|-------------------|---------------------|------------|-----------------------------|------------------|
| | Controlling party | Related parties (*) | Associates | Key personnel and directors | Total | Controlling party | Related parties (*) | Associates | Key personnel and directors | Total |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Interest income | - | 699 | 207 | 107 | 1,013 | - | 948 | 201 | 119 | 1,268 |
| Interest expense | (19,114) | (14,238) | - | (28) | (33,380) | (19,048) | (14,572) | (1) | (8) | (33,629) |
| Financial margin | (19,114) | (13,539) | 207 | 79 | (32,367) | (19,048) | (13,624) | 200 | 111 | (32,361) |
| Financial service income | 8,038 | 643 | - | 10 | 8,691 | 4,808 | 854 | - | 15 | 5,677 |
| Financial service expenses | - | - | - | - | - | - | - | - | - | - |
| Net commissions | 8,038 | 643 | - | 10 | 8,691 | 4,808 | 854 | - | 15 | 5,677 |
| Profit or loss from financial transactions, net | (4,121) | (4,938) | - | 19 | (9,040) | (7,680) | (1,321) | - | 2 | (8,999) |
| Administrative expenses | (97,270) | (173,687) | - | - | (270,957) | (103,455) | (124,361) | - | - | (227,816) |
| Other income and expenses, net | 8 | - | - | - | 8 | 13 | - | - | - | 13 |
| Other income and expenses | (101,383) | (178,625) | - | 19 | (279,989) | (111,122) | (125,682) | - | 2 | (236,802) |

(*) Related parties include balances and transactions with other related parties in accordance with IAS 24 and SBS regulations.

Notes to the Interim Consolidated Financial Statements (continued)

- (c) Loans to personnel and remunerations to key personnel.

At September 30, 2023 and December 31, 2022, Board of Directors, executives and employees of the Bank hold allowed loan transactions pursuant to the Banking Law, which regulates and establishes certain limits to transactions with members of the Board of Directors, executives and employees of financial entities in Peru. At September 30, 2023 and December 31, 2022, direct loans granted to employees, directors, executives and key personnel amount to S/ 828 million and S/ 709 million, respectively.

Likewise, at September 30, 2023 and 2022, remuneration to key personnel and expense allowance for the board of Director amount to S/ 11 million and S/ 12 million, respectively.

25. Trust Activities

The Bank offers structuring and management services of trust transactions and trust fees and is charged with the preparation of the underlying contractual agreements. Assets held in trust are not included in the Bank's financial statements. The Bank is responsible for the appropriate management of these trusts based on the limits established by applicable laws and the respective agreement. At September 30, 2023 and December 31, 2022, the allocated value of assets in trusts and trust fees totaled S/10,690 million (S/ 10,288 million, at December 31, 2022).

26. Financial Risk Management

Financial risk management is fundamental on the Bank's strategy since it guarantees its creditworthiness and sustainable development. The Bank's risk profile has been established in accordance with the strategy and policies of the BBVA Group, and considers a unique, independent and global risk management model.

- Unique: Focused on a sole objective. Risk appetite supported in fundamental metrics, limits for portfolios and economic sectors, and indicators for the management and monitoring of portfolios, is determined.
- Independent: It is independent and complementary to the business. The process of adapting the risk area allows to closely monitor the business and thus detect opportunities.
- Global: BBVA Peru Group has a flexible risk model that can be used for all risk, in all countries and for all business.

This risk management area centralizes and concentrates on management of the credit and market risk by means of a number of separate units. The Risk Area consists of 7 units (Retail Risk, Wholesale Risk, Market, Structural & Fiduciary Risk, Collection, Mitigation & Work Out, and Portfolio Management, Data & Reporting, Risk Solution Group and Risk Transformation).

This structure provides the adequate environment for synergies to be created in work teams and higher integration to be obtained in all business processes, from strategy, planning, to modelling and management tools; where Risk Solution and Risk Transformation consolidate cross-functional activities to support overall risk management; meanwhile Portfolio Management, Data & Reporting are charged with performing due diligence, monitoring and follow-up on the risk indicators of the Bank's entire portfolio, placing focus on the follow-up of sensitive portfolios.

Supplemental to this management, the Unit of Internal Control of Risks (Unidad de Control Interno de Riesgos), part of the Internal Control and Compliance function) is charged with verifying that the relevant controls are in place and operating effectively over the major business processes and deliverables of the overall Risk Area.

In a highly complex juncture, in which the new reality demands us to keep making containment efforts as well as focusing on special groups of population for the bank to be able to provide the best support to those geographical areas most affected by social unrest and climate change effects, the risk management function is fully focused on managing portfolios from all fronts:

Notes to the Interim Consolidated Financial Statements (continued)

- Portfolio management under the guidelines defined by the SBS and the Government, customizing management and monitoring reports to meet the new needs of the ongoing juncture (placing attention to the new provisions y ready to introduce the necessary adequacies to fulfil its assigned duties efficiently.
- From the wholesale and retail Admission, ongoing review and adjustment of the admission policies, rescheduling modalities carrying out the portfolio diagnosis, segmentation and action plans according to the identified criticality.

Collections' approach continues to be an anticipatory management approach, with a focus on vulnerable groups and those affected by the climate change crisis and social unrest as a way to seek to mitigate the potential impact of impairment concentrating in the respective portfolios; thanks to the help of teams specialized in handling collections; tailor-made strategies have been activated per each portfolio with a focus on containment.

Credit risk

The Bank's risk management system is based on a corporate governance scheme in which the Bank determines the policies for managing and controlling the risk of retail and wholesale loans, which are adapted to local regulations and local reality.

The structure of the risk area for credit risk management is as follows:

- Portfolio Management, Data & Reporting: It is responsible for the continuous oversight and monitoring of key risk indicators.

The Reporting, Monitoring & Data team is responsible for the continuous oversight and monitoring of key risk indicators of portfolios based on the entity's strategies and risk appetite. It ensures timely measurement and communication with the relevant authorities, as well as adequate management and compliance with the risk appetite framework.

The Measurement team is responsible for the calculation of the key risk indicators, including the measurement of credit risk indicators related to provisions, regulatory capital, economic capital and risk-adjusted return.

The Risk Advance Analytics team, under the Center of Expertise (CoE), is responsible for developing models that support different credit processes in fulfilment of the risk function.

The Data Quality team is responsible for ensuring data quality in the calculation and reporting processes at a risk level. The focus is placed on creating a data governance model at the entity level and ensuring compliance with quality rules.

- Risk Solution: It manages the portfolio of transformation projects in the Risk area. It ensures its definition, prioritization, implementation and incorporation in risk management activities.
- Another sub-unit comprising the risk area is the Tool Management sub-unit, which ensures the operating effectiveness, good performance and continuing improvement of the tools and productive models used by the Risk.
- Risk Transformation: This is the team responsible for ensuring the execution and continuous improvement of the dependent processes, complying with the defined and committed quality and productivity standards. Major duties are as follows:

Notes to the Interim Consolidated Financial Statements (continued)

Transformation: Driving key transformation levers in close coordination with BBVA's cross-entity teams and disciplines, such as agile practices, process management, demand and productivity management, organizational redesign, among others.

Continuing improvement: managing cross-section process optimization projects and other specific to the area in adherence to the committed standards of high efficiency, quality and control.

Control: Mitigating operational risks (Risk and Control Assurer: RCA) at the first layer of the infrastructure with a focus on typologies of third party, technology, legal, people, among others.

Sustainability: Integrating ESG risk management into the lending model of the customer portfolio.

- Retail Loans: It manages retail credit risk, in accordance with the Bank's strategic objectives, and monitors the risk quality of transactions. Such management includes the following:
 - Definition of customer admission requirements for the retail segment.
 - Study of the results of consumer behavior, segments and campaigns, analyzing their evolutions and developments.
 - Evaluating the level of borrowing, disseminating and strengthening the Bank's risk culture.
 - Improving the capabilities of the trade areas and risk analysts by means of ongoing training programs.
 - Maintaining a comprehensive credit risk policy that underlies the quality of the loan portfolio based on an intensive interaction of the several business areas and attention to the internal and external overseeing bodies.
 - Proposing and promoting continuing improvements in business processes, tools, and standards for an efficient management of the Credit Risk.
 - Overseeing compliance with policies in the process of analysis and admission of the credit risk on transactions arising in the commercial areas.

There are 5 sub-units supporting management, and from October, they consist of: Individual Admission (admission of individuals); Individual Admission Pymes (Admisión Pymes), Individual Season (a campaign with a focus on individuals), Pymes Season (a number of activities with focus on small and medium-sized entities – Pymes in Peru), Governance & Strategies (responsible for the policies and standards intended to ensure compliance with corporate rules and local laws and regulations as well as an analysis and diagnosis of portfolio).

- Wholesale Loans: A unit charged with managing the wholesale loan portfolio oriented to maximize the economic benefits to be earned from the risk positioning and the limits set in the Asset Allocation framework, as derived from the definition of the Group' risk profile and risk appetite, and in compliance with the applicable laws and regulations and corporate and local policies.

Within its structure, there is a sub-unit called Wholesale Credit Strategies, charged with management of the wholesale portfolio, control of the Asset Allocation limits as well as definition of the growth and disinvestment policies and strategies.

On the other hand, there is the sub-unit called Wholesale Credit Governance, charged with updating and implementing the overall policies, standards and procedures as well as the following up on observations raised by Internal Audit, External Audit, Internal Control, Holding and the SBS. It services consultations made regarding standards and delegations. It also leads the technical office of the credit technical committee (Secretaría Técnica del Comité Técnico de Créditos – CTO).

Notes to the Interim Consolidated Financial Statements (continued)

In addition, as a way to keep an agile structure, there are two sub-units in Admission:

Wholesale Admission Stage 1: This is a primary axis of analysis under industry groupings and keeps expertise by segment.

Admission & Monitoring Stage 2: Operating under a preventive management approach, involving strategies to hold and/or reduce the risk of portfolio, and stop impairment by structuring pertinent financial solutions; as well as monitoring the evolution of the living risk comprising the wholesale business; setting up containment plans and actions to cope with delinquency at the customer and segment levels.

Real Estate Risk: a team specialized in the real-estate sector; it has two sub-units.

- Wholesale Admission Real Estate: Charged with assessing the economic and financial aspects of the credit proposals of entities in the real-estate industry (Housing and Commercial).
- Wholesale Monitoring Real Estate: Charged with following up on the portfolio of real-estate projects in progress (monthly valuation of work progress, updating sales dashboard, matching cash flows, etc); until work satisfaction is obtained and sponsor debt is settled.

It should be noted that the tools for Rating, Risk Analyst and Early Warnings (Alertas Tempranas) are critical for decision-making. Further, the PF ARCE and the digital Financial Program (Programa Financiero Automatizado and Programa Financiero Digital), used with the BEC and CIB (Corporate Investment Banking), segments, respectively, continued to operate as digital platforms in preparing and conducting analysis of the credit proposals.

Both the teams of Wholesale Credit Governance and Wholesale Credit Strategies have been working on management improvement initiatives. The Governance included in the calculation of delegation of office managers (Calculadora de Delegación de gerentes de oficinas) a system of visual signaling by sectors, new variables for consultation of delegation to support the evaluation, which resulted in lower times required in searching a number of sources. The Strategies team drove the initiative called Valida + for rating validation, with most of the qualified portfolio; in addition, in safeguarding the portfolio, containment plans are being set up to identify groups of vulnerable customers, either via warning alerts in the relevant sector or considering a particular juncture that may trigger preventive management actions intended to prevent future contingencies from arising. Further, a Master Plan has been created as part of a long-term strategic plan for portfolio segmentation and identification of the most appropriate profiles to direct the network growth actions accordingly.

Collection, Mitigation & Workout: It groups together the functions and processes necessary for the monitoring, non-payment containment, collection, recoveries and the divestment of the portfolio with problems, from retail and wholesale banking and CIB, achieving crossway efficiencies in the processes, as well as in the external management channels (collection agencies, calls, and law firms) and internal (network of offices). The major sub-units are the following:

- (i) Retail Credit Early Default, a team charged with the recovery of the preventive and unpaid retail portfolio.
- (ii) Wholesale Credit Early Default, a team charged with managing the wholesale portfolio with payment difficulties and leading the sub-unit of Individual Classification, which assesses the Bank's non-retail customer portfolio to determine its rating and required level of provision, in consistency with the SBS and BBVA Group standards.
- (iii) Strategy, Governance & Management, a team that articulates collections and recoveries by means of initiatives, pilots and other projects that support data-processing and analysis.

Notes to the Interim Consolidated Financial Statements (continued)

- (iv) Retail Credit Late Default, a team charged with the court-ordered secured and off-court recovery and write-off of the retail portfolio.
- (v) Wholesale Credit Late Default, a team charged with highest number of loans via court-ordered recoveries of the wholesale portfolio.
- vi) IRBSA & Guarantees, a team charged with management and administration of commercialization of real-estate properties and other properties and setting the policies for the comprehensive management of guarantees.

During 2023, the effectiveness of the Collections Factory (Fábrica de Cobranzas) needs to be underscored as well as that of the Implant model and the handling of the Reactiva portfolio, which has enabled the team to contain the delinquent portfolio by providing a more adequate support in the context of the currently adverse juncture. It should also be underscored the system in place for managing, following up and negotiating the portfolio under judicial action, as well as an adequate disinvestment strategy. All these actions have strengthened the Fábrica de Cobranzas, which was redeployed in 2023 as a Specialized Center of Collections (CEC in Spanish) to adapt to the new context in which the portfolio was managed. Finally, there are plans to continue developing new ways to improve collections for all customers who join the existing ones.

Guarantees obtained:

The requirement of guarantees may be a necessary instrument, but not sufficient for accepting risks, and their acceptance is complementary to the credit process, which requires and mainly weighs the prior verification of the debtor's ability to pay or whether debtor can generate the sufficient resources to allow the amortization of the risk incurred under the agreed conditions.

The procedures for the management and valuation of the guarantees received for the loans granted to customer are indicated in the Guarantee Regulation that includes the policies for the admission of guarantees, as well as the basic principles for their constitution, maintenance, and release. This regulation establishes that the guarantees must be properly instrumented and registered, ensuring that they are in force and that they are covered with insurance policies, in strict compliance with the regulations established by the regulator.

Valuation of the guarantees is governed by the principle of prudence, which implies the use of appraisal reports on real estate guarantees, market prices in securities, quotes in shares in investment funds, among others. This principle establishes internal milestones that may be more conservative than those contemplated by local regulations, and under which, the value of the guarantees is updated.

Market risk

Market risk arises because of the activity maintained in the markets, through financial instruments whose value may be affected by variations in market conditions, reflected in changes in the different assets and financial risk factors. The risk can be mitigated and even eliminated through hedging (assets/liabilities or derivatives), or by undoing the open operation or position.

There are three major risk factors that affect market prices: interest rates, exchange rates and variable-income.

- Interest rate risk: This risk arises because of variations in the provisional structure of market interest rates, for the different currency.
- Exchange rate risk: It arises because of variations in the exchange rate risk among the different currency.

Notes to the Interim Consolidated Financial Statements (continued)

- Price risk: It arises as a consequence of changes in the market price, either for the specific instruments factors, nor for factors affecting all the instruments trades in the market.

In addition, and for certain positions, it is necessary to also consider other risks: spread, base, volatility or correlation risk.

Value at risk (VaR) is the basic variable to measure and control the Bank's market risk. This risk measure estimates the maximum loss, with a given level of confidence, that can occur in the market positions of a portfolio for a certain time horizon. The Bank calculates the VaR using the historical method with a confidence level of 99% and a time horizon of one day; the data period considered is two years.

The structure of market risk limits determines a scheme of VaR and economic capital limits for market risk, as well as alerts and specific ad-hoc sub-limits for types of risk, among others.

Likewise, validity tests are carried out on the risk measurement models used, which estimate the maximum loss that can occur in the positions considered, with a certain level of probability ("back testing"), as well as measurements of the impact of extreme movements market in the risk positions maintained ("stress testing"). Currently, the stress analysis on historical scenarios of the Lehman Brothers crisis (2008) is being carried out.

At September 30, 2023 and December 31, 2022 the detail of the VaR for risk factors was as follows:

| | 2023 S/(000) | 2022 S/(000) |
|-----------------------------|------------------------|------------------------|
| VaR for risk factors | | |
| VaR without smoothing | 15,532 | 7,547 |
| VaR interest | 14,380 | 7,673 |
| VaR exchange | 3,357 | 1,451 |
| VaR weighted | 10,178 | 8,678 |
| VaR maximum | 17,689 | 12,498 |
| VaR minimum | 3,941 | 5,435 |

Structural interest risk

The structural interest risk is defined as the potential disruption that occurs in the margin of interest and /or the equity value of an entity due to changes in the interest rate.

Considering the impact variable, we can see the following typologies of risk in the Group and the Bank:

- Interest margin risk: potential adverse deviation in the interest margin projected over a given horizon.
- Equity economic value risks: potential impact on the economic value of the financial institution's balance sheet.
- Risk of carrying amount of instruments accounted for at fair value in the banking book: potential impact on equity given the effect on the carrying amount of the portfolios of fixed income and derivatives classified as "Held to Collect and Sell" (HtC&S).

The structural interest rate risk management is intended to keep the stability of the interest margin in the event o of changes in interest rates to ensure recurrent stable returns for the Bank and mitigate the potential impact on the Bank's equity of the mark-to-market variations that affect instruments classified as "held to collect and sale" (or "available for sale" in local accounting) as well as determine the need for capital derived from the structural interest rate risk.

Notes to the Interim Consolidated Financial Statements (continued)

The Financial Management Unit, with the support of the Assets and Liabilities Committee (hereinafter COAP) conducts active management of the banking book through operations to optimize the level of risk assumed, in relation to the expected results, and allow compliance with the maximum levels of tolerable risk.

The activity performed by the COAP is based on the interest risk measurements conducted by the risks area. Which, acting as an independent unit, periodically quantifies the impact the variation in interest rates has on the interest margin and the economic value of the BBVA Peru Group.

In addition to the sensitivity measurements to different variations in market rates, the BBVA Peru Group develops probabilistic calculations that determine the "economic capital" (maximum loss in economic value) and the "margin at risk" (maximum loss in the interest margin) due to structural interest risk of the Bank's banking activity, excluding treasury activity, based on interest rate curve simulation models. Stress testing is conducted periodically to complete the evaluation of the Bank's interest risk profile.

All these risk assessment measures are subsequently followed up and monitored, and the assumed assessed risks and level of adherence to the authorized limits are communicated to the different management offices and oversight bodies at the Bank.

Liquidity risk

The liquidity and financing risk is defined as the inability of a financial institution to honor its payment obligations due to a lack of cash or financing or whenever a financial institution has to resort to financing under especially severe conditions to be able to honor those obligations.

As part of this risk and considering a temporary horizon over which the payment obligation occurs, we can distinguish:

- Liquidity risk: The risk of suffer losses in the short-term resulting from events that affect their ability to use cash resources to meet its more immediate payment obligations, either because of the impossibility to sell assets or an unexpected reduction of trade liabilities, or because the regular financing sources are shut down bot in normal or stress situation, and including the potential outflow of additional resources for contingent reasons.
- Intraday liquidity risk: Risks that a financial institution is not able to meet its daily settlement obligations; for example, because of timing mismatches in payment, settlement systems or other relevant.
- Financing risk: This risk reflects the increase in the exposure of balance sheet of a financial institution, medium and short-term resulting from its deviation from its target to keep stable resources inherent to its activity, together with other wholesale stable financing resources to enable a diversification by due dates and sources, as a way to concentration of counterparties that sharpen the exposure or vulnerability of the financial institution in a stress scenario. In a context of higher exposure to this risk, a higher probability exists of incurring in higher short-term financing, higher use of collaterals, and in any case, an intensified short-term liquidity risk.

The Group and BBVA Perú aim at promoting a sound financing structure to contribute with the sustainability of the business model. For that purpose, the risk model promotes maintaining an adequate number of stable resources in a wholesale diversified financing model that restrict the weight of short-term financing, ensure access to several markets, optimize the costs of financing, and creates a buffer of liquid assets for the Bank to be able to survive under stress scenarios.

The management and monitoring of liquidity risk is carried out comprehensively with a dual approach: short-term and long-term. The short-term liquidity approach, with a time horizon of up to one year, is focused on managing payments and collections from market activities, volatile customer resources and the potential liquidity needs of the Bank as a whole. The second approach, medium-term or financing, is focused on the financial management of the set of assets and liabilities, focusing on the financing structure, and having a time horizon equal to or greater than the annual one.

Notes to the Interim Consolidated Financial Statements (continued)

The integral management of liquidity is carried out by the Financial Management Unit, within the Financial Area, which analyzes the implications, in terms of financing and liquidity of the various Bank projects and their compatibility with the structure of target financing and the situation of financial markets. In this sense, the Financial Management Unit, in accordance with the approved budgets, executes the agreed proposals by the COAP and manages liquidity risk in accordance with wide scheme of limits, sub-limits and approved warnings on which the risk area carries out, independently, its measurement and control work, providing the manager with support tools and metrics for decision-making.

The periodic measurements of the risk incurred and the monitoring of the consumption of limits are carried out by the Structural, Markets and Fiduciary Risks Unit, which monthly reports the liquidity risks level to the COAP; as well as more frequently to the management units. It should be noted that during the beginning of the state of emergency due to the COVID-19 pandemic, the structural risks unit increased the measurement frequency of the main liquidity indicators in order to carry out a daily monitoring that allows anticipating any contingency and supporting the management areas.

Moreover, the Basel Committee on Banking Supervision (BCBS) has proposed a new liquidity regulation scheme based on two ratios: Liquidity coverage ratio (LCR) which is effective from 2015 and net stable funding ratio (NSFR) which has been implemented since 2018. The Bank and the BBVA Peru Group participated in the quantitative impact study (QIS), which has included the new regulatory challenges in its new general framework of action in the liquidity and financing area. At local level, the SBS has also implemented the monitoring of the liquidity coverage ratio, following the general guidelines of the BCBS, although adapting it to the Peruvian reality. The measurement of liquidity coverage ratio have started on December 2013 and its measurement have a daily frequency. The limit established for liquidity coverage ratio is 80% for the period from 2014 to 2017, 90% for 2018 and 100% for 2019 henceforth, which is being complied with.

Notes to the Interim Consolidated Financial Statements (continued)

In accordance with SBS regulations, the maturities of assets and liabilities at September 30, 2023 and December 31, 2022, including accrued interest on loans and deposits, are as follows: Other accounts receivable and Other financial assets are not included:

| | Up to 1 month S/(000) | 1-3 months S/(000) | Between 3 and 6 months S/(000) | Between 6 months and 1 year S/(000) | Between 1 year and 5 years S/(000) | More than 5 years S/(000) | Sold and under court collection S/(000) | Without contractual maturity S/(000) | Total |
|--|--------------------------|-----------------------|-----------------------------------|---|--|------------------------------|--|--|------------|
| 2023 | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and due from banks | 7,338,602 | 879,535 | 418,617 | 260,639 | 2,866,604 | 213 | - | - | 11,764,210 |
| Interbank funds | 445,179 | - | - | - | - | - | - | - | 445,179 |
| Investments at fair value through profit or loss | 4,168,701 | - | - | - | - | - | - | - | 4,168,701 |
| Available-for-sale investments | 5,291,779 | - | 190,955 | 557,985 | 251,342 | 329,444 | - | - | 6,621,505 |
| Loan portfolio | 6,432,624 | 7,938,412 | 6,733,774 | 8,743,628 | 27,756,417 | 13,388,505 | 3,444,130 | - | 74,437,490 |
| Trading derivatives | 128,006 | 137,838 | 87,613 | 139,139 | 328,231 | 629,960 | - | - | 1,450,787 |
| | 23,804,891 | 8,955,785 | 7,430,959 | 9,701,391 | 31,202,594 | 14,348,122 | 3,444,130 | - | 98,887,872 |
| Liabilities | | | | | | | | | |
| Obligations with the public | 8,661,506 | 10,155,720 | 5,540,186 | 3,262,531 | 38,667,847 | 80,581 | - | - | 66,368,371 |
| Demand deposits | 2,256,745 | 1,651,524 | - | - | 17,287,765 | - | - | - | 21,196,034 |
| Savings | 1,873,249 | 852,341 | - | - | 18,670,487 | - | - | - | 21,396,077 |
| Time deposits | 4,264,014 | 7,651,855 | 5,540,186 | 3,262,531 | 2,709,595 | 80,581 | - | - | 23,508,762 |
| Others | 267,498 | - | - | - | - | - | - | - | 267,498 |
| Interbank funds | 110,044 | - | - | - | - | - | - | - | 110,044 |
| Deposits with financial institutions | 1,244,699 | 147,575 | 67,997 | 33,379 | (5,379) | - | - | - | 1,488,271 |
| Debts and financial obligations | 34,971 | 203,428 | 14,351 | 23,682 | 1,691,281 | 2,829,968 | - | - | 4,797,681 |
| Trading derivatives | 224,584 | 65,131 | 43,326 | 200,909 | 340,602 | 385,242 | - | - | 1,259,794 |
| Hedging derivatives | - | - | 4,055 | 118 | 139,744 | - | - | - | 143,917 |
| Accounts payable | 2,998,422 | 275,785 | 276,074 | 1,421,099 | 4,822,219 | - | - | - | 9,793,599 |
| Other liabilities | 1,517,016 | - | - | - | - | - | - | - | 1,517,016 |
| | 14,791,242 | 10,847,639 | 5,945,989 | 4,941,718 | 45,656,314 | 3,295,791 | - | - | 85,478,693 |

Notes to the Interim Consolidated Financial Statements (continued)

| | Up to 1 month S/(000) | 1-3 months S/(000) | Between 3 and 6 months S/(000) | Between 6 months and 1 year S/(000) | Between 1 year and 5 years S/(000) | More than 5 years S/(000) | Sold and under court collection S/(000) | Without contractual maturity S/(000) | Total S/(000) |
|--|--------------------------|-----------------------|-----------------------------------|---|--|------------------------------|---|--|------------------|
| 2022 | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and due from banks | 9,598,572 | 250,930 | 159,722 | 145,085 | 1,990,474 | 220 | - | - | 12,145,003 |
| Investments at fair value through profit or loss | 3,278,859 | - | - | - | - | - | - | - | 3,278,859 |
| Available-for-sale investments | 6,871,164 | 70,508 | 45,786 | 20,214 | 986,580 | 318,612 | - | - | 8,312,864 |
| Loan portfolio | 8,276,036 | 8,727,045 | 7,430,104 | 8,876,959 | 27,406,847 | 9,947,233 | 3,207,132 | - | 73,871,356 |
| Trading derivatives | 81,384 | 125,626 | 88,827 | 160,245 | 287,151 | 606,386 | - | - | 1,349,619 |
| Hedging derivatives | - | - | - | - | 3,659 | - | - | - | 3,659 |
| | 28,106,015 | 9,174,109 | 7,724,439 | 9,202,503 | 30,674,711 | 10,872,451 | 3,207,132 | - | 98,961,360 |
| Liabilities | | | | | | | | | |
| Obligations with the public | 9,463,766 | 5,979,509 | 3,819,413 | 3,411,417 | 43,278,647 | 101,000 | - | - | 66,053,752 |
| Demand deposits | 2,556,312 | 1,871,329 | - | - | 18,056,283 | - | - | - | 22,483,924 |
| Savings | 1,836,092 | 1,338,309 | - | - | 21,937,899 | - | - | - | 25,112,300 |
| Time deposits | 4,835,886 | 2,769,871 | 3,819,413 | 3,411,417 | 3,284,465 | 101,000 | - | - | 18,222,052 |
| Others | 235,476 | - | - | - | - | - | - | - | 235,476 |
| Deposits with financial institutions | 302,109 | 167,176 | 32,607 | 103 | 345,799 | - | - | - | 847,794 |
| Debts and financial obligations | 30,191 | 32,402 | 11,148 | 533,740 | 401,736 | 3,027,761 | - | - | 4,036,978 |
| Trading derivatives | 383,109 | 106,631 | 51,200 | 87,052 | 269,152 | 348,699 | - | - | 1,245,843 |
| Hedging derivatives | - | - | 3,081 | 15,125 | 85,422 | - | - | - | 103,628 |
| Accounts payable | 2,210,414 | 1,068,505 | 1,204,232 | 1,033,142 | 6,770,938 | 11 | - | - | 12,287,242 |
| Other liabilities | 1,052,056 | - | - | - | - | - | - | - | 1,052,056 |
| | 13,441,645 | 7,354,223 | 5,121,681 | 5,080,579 | 51,151,694 | 3,477,471 | - | - | 85,627,293 |

Notes to the Interim Consolidated Financial Statements (continued)

Operational risk

BBVA Peru Group articulates an operational risk management model implemented throughout the organization, based on methodologies and procedures for the identification, assessing and monitoring of operational risk, and supported by tools that allow qualitative and quantitative management.

This model is based on a decentralized management of operational risk carried out by operational risk management teams in the two lines of defense. In the first line we have the Risk Control Assurer whose objective is to promote the adequate management of operational risk in their respective management areas, the previous by extending the methodology of risk identification and establishment of controls and working for this with the owners of the processes who are those responsible for implementing mitigation plans and execution of controls. In the second line of defense, there is a Risk Control Specialist team who define mitigation and control frameworks in their area of specialty (across the entire organization) and contrast with the one implemented by the first line.

Both control teams are in constant coordination of a methodological unit and constantly report to the corresponding Internal Control and Operational Risk Committees. From the internal control and compliance area, the non-financial risk unit is in charge of the implementation of corporate management tools, the training of both control teams (Risk Control Assurer and Risk Control Specialist), coordination for updating the risk map and monitoring of mitigation plans.

In connection with qualitative management, the Support Tool for Operational Risk Management (MIGRO tool) makes it possible to record the operational risks identified by associating them with a taxonomy of processes and their quantification, as well as recording the periodical evaluation of the controls associated with the manageable (critical) risks. Considering the fact that risks and controls are updated on an ongoing basis, the operational risk management model proved to be effective all through 2022.

In addition, there is a database, Integrated Operational Risk System (SIRO), which includes all operational risk events that represent a loss for the BBVA Peru Group, is the fundamental quantitative tool for risk management operational.

The Bank is authorized to use the alternative standard method for calculating the effective equity requirement for operational risk, which allows it to optimize the regulatory capital requirement for operational risk management.

The regulatory capital requirement for operational risk based on the alternative standard method at September 30, 2023 amounts to S/ 721 million (S/ 665 million at December 31, 2022).

Notes to the Interim Consolidated Financial Statements (continued)

27. Fair Value

The methodology used in determining fair value has not changed in relation to that disclosed in the audited annual consolidated financial statements for 2022.

Carrying amount and fair value of financial assets and financial liabilities

Taking into account the fair value considerations and the Official Letter 43078-2014- SBS, in which the SBS determined that the fair value corresponds to the carrying amount of loans and deposits, at September 30, 2023 and December 31, 2022, the carrying amount and fair value of financial assets and financial liabilities are as follows:

| | Carrying amount | | Fair value | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | S/(000) | S/(000) | S/(000) | S/(000) |
| Assets | | | | |
| Cash and due from banks | 11,764,210 | 12,145,003 | 11,764,210 | 12,145,003 |
| Interbank funds | 445,179 | - | 445,179 | - |
| Investments at fair value through profit or loss and investment available-for-sale | 10,790,206 | 11,591,723 | 10,790,206 | 11,591,723 |
| Loan portfolio | 69,454,829 | 69,122,387 | 69,454,829 | 69,122,387 |
| Trading derivatives | 1,450,787 | 1,349,619 | 1,450,787 | 1,349,619 |
| Hedging derivatives | - | 3,659 | - | 3,659 |
| Accounts receivable | 58,591 | 45,795 | 58,591 | 45,795 |
| Other assets | 1,446,457 | 976,762 | 2,430,334 | 976,762 |
| Total | 95,410,259 | 95,234,948 | 96,394,136 | 95,234,948 |
| Liabilities | | | | |
| Deposits and obligations in local and foreign financial institutions | 67,856,642 | 66,901,546 | 67,856,642 | 66,901,546 |
| Interbank funds | 110,044 | - | 110,044 | - |
| Debts and financial obligations | 4,797,681 | 4,036,978 | 4,779,672 | 3,943,359 |
| Trading derivatives | 1,259,794 | 1,245,843 | 1,259,794 | 1,245,843 |
| Hedging derivatives | 143,917 | 103,628 | 143,917 | 103,628 |
| Accounts payable | 9,793,599 | 12,287,242 | 9,793,599 | 12,287,242 |
| Total | 83,961,677 | 84,575,237 | 83,943,668 | 84,481,618 |

Notes to the Interim Consolidated Financial Statements (continued)

Assets and liabilities recognized at fair value based on the hierarchy level are recorded as follows:

Financial instruments recorded at fair value and value hierarchy.

| | 2023 | | | | 2022 | | | |
|---|------------|-----------|-----------|---------|------------|-----------|-----------|---------|
| | Fair Value | Level 1 | Level 2 | Level 3 | Fair Value | Level 1 | Level 2 | Level 3 |
| | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) | S/(000) |
| Assets | | | | | | | | |
| Investments at fair value through profit of loss | | | | | | | | |
| Equity instruments | - | - | - | - | - | - | - | - |
| Debt instruments | 4,168,701 | 597,675 | 3,571,026 | - | 3,278,859 | 316,774 | 2,962,085 | - |
| Available-for-sale investments | | | | | | | | |
| Equity instruments | 33,294 | 33,294 | - | - | 30,639 | 30,639 | - | - |
| Debt instruments | 6,587,090 | 3,339,449 | 3,247,641 | - | 8,281,104 | 4,307,377 | 3,973,727 | - |
| Trading derivatives | 1,450,787 | - | 1,450,787 | - | 1,349,619 | - | 1,349,619 | - |
| Hedging derivatives | - | - | - | - | 3,659 | - | 3,659 | - |
| | 12,239,872 | 3,970,418 | 8,269,454 | - | 12,943,880 | 4,654,790 | 8,289,090 | - |
| Liabilities | | | | | | | | |
| Debt and financial obligations | 1,088,438 | - | 1,088,438 | - | 1,845,663 | - | 1,845,663 | - |
| Trading derivatives | 1,259,794 | - | 1,259,794 | - | 1,245,843 | - | 1,245,843 | - |
| Hedging derivatives | 143,917 | - | 143,917 | - | 103,628 | - | 103,628 | - |
| | 2,492,149 | - | 2,492,149 | - | 3,195,134 | - | 3,195,134 | - |

Notes to the Interim Consolidated Financial Statements (continued)

28. Subsequent Events

The Bank is not aware of any subsequent event occurring between the closing date and the issuing date of these consolidated financial statements that may affect them significantly, except for the following:

On October 6, 2023, the Bank has paid back fully the Third Program of Subordinated Bonds – First issue – Single series of US\$45 million.